

## TRADING BLOWS

24/3/2009 – Georgette Scanlon

***The Rudd Government has just released the draft legislation for its Carbon Pollution Reduction Scheme (CPRS), a proposed carbon trading plan that has seen all sides of the debate up in arms.***

The legislation has an uphill battle through the Senate though with the Coalition, Greens, Family First's Steve Fielding and independent Nick Xenophon committed to seeing key amendments made. Such a political minefield for a bill attempting to address climate change for the first time is not surprising, but the condemnation of the CPRS by both environmental and business lobby groups is significant and worrying.

The Rudd Government has committed to a modest medium term target of a 5% reduction from 2000 levels by 2020. Reductions of up to 15% by 2020 will only be acted upon if a global agreement for carbon trading is brought into fruition.

The medium term reduction targets are ineffective if not potentially counterintuitive to combating climate change. The Rudd Government's chief climate change advisor Professor Ross Garnaut has openly condemned the 5% aim as too low to make a plausible impact, which is damning given that the Prime Minister repeatedly emphasised the role of Professor Garnaut in formulating the Government's climate change policy throughout the 2007 election campaign. He has also highlighted that the suggested reduction will be another factor pushing the global community to avoid strong carbon cuts again when international talks convene towards the end of this year.

Environmental groups are rightly highlighting that the CPRS could also placate the community as many would feel climate change is being addressed when in reality the proposed policy will have little meaningful impact.

The exclusion of voluntary emission reductions by households in the CPRS is similarly a major concern. The policy in its current form will serve only as an *allocation of carbon emissions*, rather than a reduction scheme as succinctly described by Dr Richard Denniss, Director of the Australia Institute: 'every tonne of carbon dioxide saved by households will simply free up a tonne that can be used by industry.'

The legislation will therefore limit how much carbon emissions can be reduced, a reduction of more than 5% of 2000 levels by 2020 will be made impossible.

At the same time, key business groups, including the Australian Industry Group and the Australian Chamber of Commerce and Industry, claim that the CPRS will see their competitiveness demise in the global market, exacerbated by the global financial crisis. Even Professor Garnaut has stated that Australia requires some 'breathing space' given the effect of the global financial crisis, despite the considerable lengths the Rudd Government has gone to balance environmental and economic

considerations.

The CPRS is necessary for Australian industry and businesses on a number of fronts;

- a) It provides long-term economic security by applying a carbon trading scheme before any of the predicted drastic changes to the environment;
- b) The business sector obtains a competitive advantage to what will ultimately become a global discourse through a longer transition to new conduit; and
- c) Most importantly, it will protect so much of the Australian economy that relies on current climate conditions.

But the exclusion of voluntary household reductions paired with such dismal emission reduction targets does not justify the initial financial burden to Australians, especially when the environmental benefits are limited at best. There is no sense in hindering Australian industries with a CPRS if the scheme doesn't have the scope to combat continued climate change.

The Rudd Government has to commit to more ambitious reduction targets, on the scale of the EU's 20-30% below 1990 levels, or introduce voluntary reductions so the transition to a carbon neutral society can be realised by Australians sooner, rather than later.

In trying to tackle the problem of climate change without disrupting the Australian economy, the Rudd Government has tried to have its cake and eat it too and it has found itself rather bloated and unsatisfied – tackling climate change without actually committing to the reductions that will make a difference. It has made too many concessions to Australia's heavy polluters so as to undermine the entire scheme and the justification for financially hindering the public with it.

The Rudd Government should consider a delay of the CPRS in light of the Global Financial Crisis, if it would mean that in a more secure economic climate more effective and ambitious reduction aims could be committed to.

While it may be hot under the collar now, the Rudd Government must refine its climate change policy to prevent the long term heatwave persisting beyond the chambers of Parliament House.

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