



14 April 2009

Ref:

The CPRS Exposure Draft Team  
Emissions Trading Division  
Department of Climate Change  
GPO Box 854  
Canberra ACT 2601

Dear Sir/Madam

**Submission to the Exposure Draft Legislation of the CPRS**

The City of Port Phillip welcomes the opportunity to provide a submission to the exposure draft legislation of the Carbon Pollution Reduction Scheme (CPRS).

Please find attached City of Port Phillip's response.

Council fully supports the federal government's commitment to internationally binding carbon reduction targets under the Kyoto Protocol, the principles of the CPRS, the setting of targets, timelines and a carbon price as primary and necessary start-up mechanisms to introduce a national framework to reduce carbon emissions. CoPP supports the use of an emissions trading system (ETS) in principle.

However, Council believes that the design of the proposed CPRS is fundamentally limited in fostering Australia's capacity to achieve meaningful carbon reductions in a timely way. Council strongly supports a strengthened CPRS which uses the ETS as a critical component of a **more comprehensive set** of market and non-market measures. These include tax, regulatory and incentives-based measures that maximise abatement potential, foster low-carbon industries, provide for more equitable and inclusive strategies for reducing carbon pollution, and for a more effective CPRS.

I look forward to the outcomes of this assessment of the draft exposure legislation.

Yours Sincerely

**Judith Klepner**  
**Acting Mayor**  
**City of Port Phillip**

## Submission: Exposure draft of the Carbon Pollution Reduction Scheme legislation

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<b>Date of submission:</b>	12 April 2009

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## Carbon Pollution Reduction Scheme Bill

Part/s	Division/s	Clause/s	Comment
Part 2			<p>The current greenhouse emissions reduction targets outlined in the CPRS White Paper fail to commit to the need for urgent action to reduce the risks of dangerous climate change.</p> <p>The science clearly demonstrates accelerating climate change and that <u>a cut in current global emissions of at least 85-95% by 2050 is the minimum effort required to aim at stabilising global climate at around 2-2.5°Celsius and prevent the increased risks of dangerous climate change.</u> Australia needs to play its part in aiming to stabilise global emissions at 450 parts per million by taking a least regrets and precautionary approach through effective accelerated action especially over the next 10 years.</p> <p>The current emissions reduction targets in the CPRS effectively endorse both a ‘go slow at the start’ approach at a time when effective and decisive action is critical to reducing the risk of increase in global temperature to over 2.5°Celsius.</p> <ol style="list-style-type: none"> <li>1. <b>The City of Port Phillip (CoPP) recommends modifications to the CPRS that set science-based targets, under which the mandated CPRS cap is accordingly set.</b></li> <li>2. <b>Further, CoPP strongly recommends that initial greenhouse abatement targets be respectively set at a minimum of 30% less than 2000 levels by 2020, and 90% less than 2000 levels by 2050.</b></li> </ol>
Part 4 Part 6 Part 7	2, 3, 4 2, 4 2,3,6		<p>Voluntary action (primarily by households and small businesses) currently accounts for around 6 million tonnes of greenhouse gas abatement annually. More and more Australian households and businesses concerned about climate change are taking decisive voluntary action to do their part to make a difference, and to achieve higher and quicker abatement levels than can be delivered by a mandated market through the CPRS alone.</p> <p>Meaningful provision for voluntary action is absent in the current design of the CPRS. The design of the CPRS is fundamentally flawed in limiting valid voluntary abatement action outside market-based mechanisms. This effects a ‘blunt market instrument approach’ that does not consider unintended consequences such as disenfranchising community engagement and commitment to managing demand in energy and greenhouse-intensive activities. Nor does it recognise the critical role of voluntary community innovation and abatement actions in developing a low-carbon ‘culture’.</p> <p>CoPP supports the emissions trading scheme and recognises its valid role in both the global economy as well as meeting Australia’s Kyoto obligations. However, CoPP also believes that utilising primarily market-based mechanisms as the main framework for valid abatement limits both Australia’s capacity for a more holistic and multi-faceted approach as well as ‘freezing out’ the validity of verified voluntary action as valid abatement.</p> <ol style="list-style-type: none"> <li>3. <b>The CoPP recommends that the design of the CPRS is strengthened to recognise voluntary action and to</b></li> </ol>

			<p><b>minimise unintended consequences on voluntary action.</b></p> <p><b>4. Further, CoPP recommends the development of a CPRS that utilises more than simply market-based mechanisms to gain valid greenhouse abatement and recognise voluntary action.</b></p>
Part 4 Part 6 Part 14	2,3,4		<p>The CPRS in its current form does not recognise standardised offsets created from voluntary action as additional to the mandated action of large polluters. The only way standardised offsets can be used is as offset permits in the market – this simply frees up more offsets for use rather than the intended effect of also gaining genuine abatement action by liable entities.</p> <p>To date, voluntary action has primarily been in the form of energy efficiency, installing micro-generation (solar hot water, photovoltaic panels) and accredited GreenPower purchase. The latter two are currently estimated at accounting for around \$150million annually and increase real on-ground installation and use of renewables.</p> <p>Voluntary action of this nature ensures that emissions are actually abated rather than just offset. It has also led to the necessary development of local renewable energy industries. The current design of the CPRS renders much of this action meaningless to gaining real abatement. It also poses the danger of disenfranchising community action and innovation in 'doing our bit'.</p> <p><b>5. The CoPP recommends that the CPRS recognise verified voluntary action as valid in extinguishing carbon pollution permits and Kyoto units, and as additional to the mandated target and its set annual permits.</b></p> <p><b>6. CoPP further recommends that mechanisms be developed within the CPRS that tighten Australia's national target and CPRS cap with such mechanisms to provide the best opportunity for genuine and accelerated greenhouse abatement.</b></p>
Part 4			<p>Another major voluntary action currently being undertaken by local communities is energy efficiency, in itself a format for increasing localised 'green jobs'. The current design of the CPRS does not include adequate measures to recognise and promote household energy efficiency. CoPP welcomes the COAG commitment to address energy efficiency, combined with other national (insulation rebate) incentives. However, there is now an urgent need to strengthen the CPRS with complementary measures that reduce greenhouse-intensity through efficiency, such as Victoria's recently introduced VEET scheme.</p> <p><b>7. CoPP recommends that the design of the CPRS is strengthened through recognising community-based energy efficiency as necessary complementary measures to gain sustained greenhouse abatement.</b></p>
Part 9 Part 12 Part 15 Part 18 Part 19			<p>A fundamental flaw in the current CPRS is the issue of one-off and free permits to the majority of highly polluting liable entities. This simply delays real abatement action in favour of offsets and continued business as usual. The effect of protecting polluting Australian industries now with a soft target and free offsets will be to dramatically increase the risk of forever limiting future Australian innovation and</p>

			<p>industries based on domestic produce, natural environments and alternative technology. It also seriously threatens and devalues the credibility of the emissions trading scheme in allowing carbon permits generated from voluntary action to further offset polluting industries that will already receive substantial subsidies in the form of free permits.</p> <p><b>8. CoPP recommends that the design of the CPRS is strengthened to minimise the capacity of liable entities to use subsidies (free permits) and offsets as the primary abatement format for achieving annual reduction targets. Instead, the first five-year plan also needs to demonstrate real greenhouse reductions within the core business of industries liable under the emissions trading scheme.</b></p>
Part 9 Part 12 Part 15 Part 18 Part 19			<p>The CPRS provides fuel subsidies to all consumers for at least the first three years. In effect, the CPRS will 'cushion' the effects of fuel excise on all consumers without delivering any impetus or signal for market change (including in local transport patterns) and will act as a disincentive to move towards rail freight and more sustainable transport infrastructure options.</p> <p><b>9. CoPP recommends that fuel subsidies are limited and that the design of the CPRS is strengthened through a range of complementary measures that increase investment in sustainable transport infrastructure.</b></p>
Part 3	2B.D		<p>The CPRS largely encourages formats for landfill cost rises and the capture of landfill gas (geo-sequestration). The CPRS however, does not overtly encourage alternative waste technologies such as anaerobic digestion or conversion to fuel, energy or fertilisers.</p> <p><b>10. CoPP recommends that the CPRS be strengthened via inclusion of a proactive incentive scheme for alternative waste technologies.</b></p>

### Consequential Amendments Bill

Schedule	Part/s	Item/s	Comment

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**Australian Climate Change Regulatory Authority Bill**

Part/s	Division/s	Clause/s	Comment

**General comments**

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Please return **by 5pm (AEST) on 14 April 2009** to:

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 Department of Climate Change  
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