



Carbon Pollution Reduction Scheme

Andrew Canion
Senior Adviser, Industry Policy



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Context

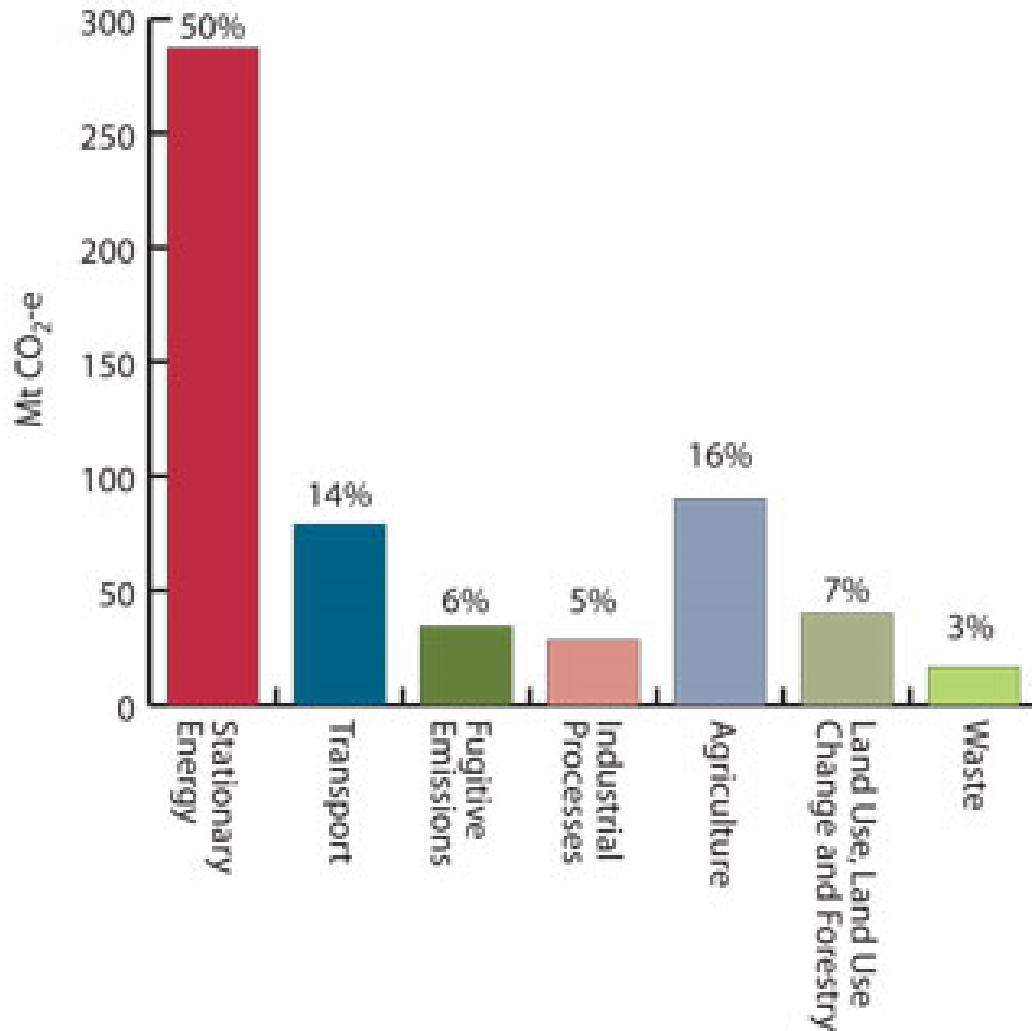
- Australia is at the leading edge of ETS design.
- CCI supports an ETS as an economically efficient means of managing emissions.



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Australia's Emissions Profile



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Carbon Pollution Reduction Scheme

- CCI supports the introduction of a CPRS.
- CCI has provided a submission to Government.
- CCI has three key concerns:
 - Timing
 - Reporting & Compliance
 - EITE Industry Treatment



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Cap and Trade

- Govt sets cap and issues equivalent number of permits.
- Permits are competitively auctioned.
- Permit surrendered for every tonne of emissions produced.



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Timing



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Timing

- December 2008 – July 2010
- Just 19 months until potential scheme start.
- Industry needs time to build compliance mechanisms.



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Risk Management

- Slowing the process down will minimise business risk.
- Business needs more time to prepare.
- Financial Crisis is an added complication.
- Avoid catastrophic scheme failure.
- Do it once, and do it right.



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Government Needs Time

- Even Government needs time to prepare.
- Establish:
 - Legislation & Regulation
 - Regulator
 - Administration, offices, etc.



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Reporting & Compliance



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Reporting & Compliance

- Business needs to build reporting and compliance systems.
- Need to link to existing system.
- Need to have internal business confidence in these systems.
- Carbon management is a new administrative overhead.



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NGERS

- NGERS is the system for capturing data.
- Only commenced on 1 July 2008 – very little data captured.
- Delaying CPRS introduction will allow for more robust data collection.



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Emissions-Intensive, Trade-Exposed Industry



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Emissions-Intensive, Trade-Exposed

- WA economy built on exports.
- But EITE industries are price-takers.
- Carbon price cannot be passed on.
- Risk of ‘carbon leakage’.
- Risk of projects not proceeding.



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Revenue or Value Add?

- Two methods of calculating:
 - Based on revenue
 - Based on value added
- Green paper recommended revenue.
- Discussion paper on value added now released.
- More time is needed to assess options.



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Impact on South-West Industry

- Worsley Alumina's contribution:

• **\$1,000,000**

per day to the South-West economy.



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Value of South-West Minerals & Petroleum (2006-07)

- **\$722,490,093**
annually to the WA economy.



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Free Permits

- EITE industries should be granted free permit allocations.
- Maintain international competitiveness.
- Prevent ‘carbon leakage’.
- Maintain economic sustainability.



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CCI Supports an ETS

- Timing
- Reporting & Compliance
- EITE Industry Support

- *Do it once, and do it right.*



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