



MEDIA RELEASE

Senator the Hon Penny Wong

Minister for Climate Change and Water

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GREEN PAPER ON CARBON POLLUTION REDUCTION SCHEME RELEASED

The Rudd Government today released proposals for a new plan to tackle climate change by reducing carbon pollution.

Releasing the Government's Green Paper on the Carbon Pollution Reduction Scheme, Minister for Climate Change and Water, Senator Penny Wong, said the time for action on climate change was now.

"We confront a daunting reality: we cannot continue to pour carbon pollution into the atmosphere as if there is no cost," Senator Wong told the National Press Club in Canberra.

"The 12 hottest years in history have all been in the last 13 years.

"As one of the hottest and driest continents on earth, Australia's economy and environment will be one of the hardest and fastest hit by climate change if we don't act now.

"Climate change threatens our food production, agriculture, and water supplies, as well as icons like the Great Barrier Reef, the Kakadu wetlands and the multi billion dollar tourism industries they support.

"The Carbon Pollution Reduction Scheme is a response to climate change that is economically responsible, supports families and prepares Australia for our future challenges."

Senator Wong said the Green Paper sets out options and identifies the Government's disposition and preferred positions on emissions trading and the support proposed to help households and businesses adjust to this economic transformation.

"At the heart of the Carbon Pollution Reduction Scheme is emissions trading, in which the Government sets a limit on how much carbon pollution industry can produce, and then the Government sells permits up to that limit, creating an incentive to look for cleaner energy options.

"Companies can buy and sell permits from each other depending on how much they value them, thereby enabling the market to find the most efficient ways to reduce carbon pollution."

Senator Wong said this was the most efficient, lowest cost and most economically responsible way to reduce carbon pollution, but any move to tackle climate change was not without costs.

"The Government will ensure that every cent raised from the selling of permits will be used to help households and business as they make the move to a clean energy future."

Senator Wong said the Carbon Pollution Reduction Scheme, that the Government intends to implement in 2010, is a whole of economy reform on par with past economic reforms such as the reduction in tariffs or deregulation of the financial system.

"Placing a limit and a price on pollution will change the things we produce, the way we produce them, and the things we buy. It will open new doors to a cleaner energy future."

“In this Green Paper, the Government has sought to strike the right balance, on the basis of economically responsible policy in the national interest.”

Senator Wong said the Carbon Pollution Reduction Scheme will cover stationary energy, transport, fugitive emissions, industrial processes, waste and forestry sectors, and all six greenhouse gases counted under the Kyoto Protocol from the time the scheme begins.

“To offset the initial price impact on fuel associated with the introduction of the Carbon Pollution Reduction Scheme, the Government will cut fuel taxes on a cent for cent basis.

“We will periodically assess the adequacy of this adjustment measure for three years and adjust this offset accordingly. At the end of the three year period the measure will be reviewed.”

For heavy vehicle road users, who transport goods across the country, fuel taxes will be cut on a cent-for-cent basis to offset the initial price impact on fuel associated with the impact of the Carbon Pollution Reduction Scheme. The Government will review this measure after one year.

To assist rural and regional areas, the Government will provide a rebate equivalent to the excise cut for businesses in the agricultural and fishing industries for three years.

“The Government will increase payments, above automatic indexation, to people in receipt of pensioner, carer, senior and allowance benefits and to provide other assistance to meet the overall increase in the cost of living flowing from the scheme,” Senator Wong said.

“We will also increase assistance to other low-income households through the tax and payment system to meet the overall increase in the cost of living flowing from the scheme.

“Middle-income households will also get assistance to help them meet any overall increase in the cost of living flowing from the scheme.”

The Government will establish the Climate Change Action Fund (CCAF) to help business transition to a cleaner economy, by providing in partnership funding for a range of activities, including:

- Capital investment in innovative new low emissions processes
- Industrial energy efficiency projects with long payback periods
- Dissemination of best and innovative practice among small to medium sized enterprises.

The Government will provide transitional assistance in the form of a share of free permits to the most emissions intensive trade exposed activities.

The Government also proposes to provide a limited amount of direct assistance to existing coal-fired electricity generators.

“After so many years of inaction, it is impossible for Australia to be in front of the rest of the world in tackling climate change,” Senator Wong said.

“A greater risk is being left behind a world of emerging economic opportunities.”