



MEDIA RELEASE MINERALS COUNCIL OF AUSTRALIA

TICKS AND BIG QUESTIONS – GREEN PAPER ON EMISSIONS TRADING

STATEMENT BY MCA CHIEF EXECUTIVE OFFICER, MITCHELL H HOOKE

The Minerals Council of Australia (MCA) is encouraged by the Government's embrace of key policy principles in the design of an Emissions Trading Scheme (ETS) as announced in the Green Paper on a "Carbon Pollution Reduction Scheme", yet there remains significant questions about the detail of the Scheme.

The minerals industry welcomes the Government's recognition of the critical imperative of a measured transition to a lower emissions economy. The more effective the transition measures the greater the probability of sustained adjustment in industrial and consumer behaviour, and lower the requirement for compensation to adversely affected households and businesses.

We endorse the establishment of a carbon price cap in the initial stages of the Scheme, the recognition of the vulnerability of trade exposed emissions intensive industries to the unilateral imposition of a carbon price ahead of international competitors, and assistance for strongly affected industries and, the development and deployment of low emission technologies.

We are however, disappointed that the elements of a measured transition do not embrace a more comprehensive phasing to full auctioning of permits, given that the European Union will not move to full auctioning until 2020.

The second key feature of the Green Paper is the appreciation of the need to align the design elements of an ETS with the other two pillars of a comprehensive policy approach to managing climate change – the development and deployment of low emissions technologies and negotiations for a comprehensive global protocol to emissions reductions. In the Green Paper the Government declares that it will take into consideration the state of international negotiations when determining the indicative trajectory and reduction target range at 2020.

The MCA has consistently argued that if the development of market mechanisms including emissions trading, low emissions technologies and a comprehensive global protocol are not working in sync, there is a real risk of self induced market failure. The adverse consequences will be profound - varying degrees of compromised international competitiveness, "economic shock", and disruption to the lives of all Australians without real and sustainable environmental benefits.

We are also somewhat relieved that the debate on managing climate change is shifting to the practicalities of solutions beyond the rhetorical calls for action when there is already consensus between business and Government on the need for action.

As the Government readily identifies, this is a Green Paper that canvasses the design elements of an emissions trading scheme and is yet to address the critical detail of interim targets and the trajectory of emission reductions which will shape a future carbon price and the prospective impact on business and the economy.

Good scheme design will be undone by an unrealistic medium term target. We are confident the Government appreciates the significance of this determination and the need to get the economic modelling right.

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D: 16th July, 2008