



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

Carbon Pollution Reduction Scheme (CPRS) - Senate should oppose scheme **Statement by Mitchell Hooke, Chief Executive Officer, Minerals Council of Australia**

The Minerals Council of Australia is calling on the Senate to oppose the passage of the CPRS legislation so that fundamental flaws in its design can be addressed.

Critically, the CPRS must be aligned with the United States' emissions reduction scheme and the outcome of December's Copenhagen climate change talks on a global emissions protocol.

Australia's CPRS will have no material impact on the level of global greenhouse gases without a comprehensive global emissions protocol in place. It will simply sacrifice Australian jobs and international competitiveness just as there are signs of a global economic recovery under way.

This week's Senate debate on the Carbon Pollution Reduction Scheme should focus on three key questions:

- Is the proposed CPRS aligned with the development of a global protocol with commitments from all major emitters?
- Will it promote the development of low emissions technologies?
- Does it provide a measured transition to a low emissions economy – like the US emissions scheme - with cost burdens on industry comparable with other schemes being developed by our international competitors?

The answer to all these questions is no.

First, it is not linked to, or conditional upon, the development of a global protocol. Even if the Copenhagen meeting fails, Australian firms will start paying billions in carbon costs every year from 1 July 2011. None of our competitors will confront any such costs.

Second, the CPRS is not linked to the availability of low emissions technologies. In fact, by imposing a \$30 billion burden on Australian business in the first 4 years, it will reduce, if not largely eliminate, the ability of Australian firms to invest in these technologies. A dollar of the scheme's revenue not spent on low emissions technologies is a dollar lost.

Third, it is completely out of step with other emissions trading schemes being developed around the world. Not only will Australian firms pay the highest carbon costs in the world, but no other scheme is so preoccupied with raising revenue ahead of the environmental benefits and economic impacts.

The result will be lost Australian jobs, stalled investment and a less competitive economy without delivering any appreciable reductions in greenhouse emissions.

Modelling by Concept Economics for the Minerals Council of Australia shows that 23,510 jobs will be lost in the minerals industry by 2020 under the CPRS and 66,480 jobs by 2030 – increasing to around 100,000 and 250,000 respectively when multiplier effects for indirect jobs in regional Australia are included.

Economic modelling by Access Economics for the State Governments shows 126,000 jobs at risk and ACIL-Tasman research for the Australian Coal Association has also determined there will be thousands of job losses as a result of the flaws in the design of the CPRS.

The proposed CPRS is pre-occupied with raising revenue rather than delivering a positive outcome for the environment. The CPRS will raise revenue of \$A404 per capita in its first full year. The US scheme will raise just \$A57. Meanwhile the European emissions trading scheme will raise revenue per capita of just \$0.80 per year for its first 8 years (2005 to 2013).

The CPRS's focus on revenue-raising will mean lost jobs, stymied investment and reduced competitiveness in Australian industry.

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The design of the CPRS has also fostered a mad scramble for preferential treatment – for concessions - when the focus should be on commitments to reduce greenhouse gas emissions and establishing an efficient market mechanism for establishing a carbon price in a measured transition to a low emissions economy.

A phased approach to the auctioning of permits – with the number of carbon permits auctioned increasing over time - would deliver such a scheme with good outcomes for the environment while preserving thousands of jobs.

Other schemes around the world have adopted a phased approach. While Australia is proposing to auction 70-75 per cent of permits from day one, the US will auction between 15-18 per cent and the European Union will sell only three per cent of permits in its first eight years. It is hard to understand why the phased-approach has been ruled out in Australia.

This simple change to the CPRS would deliver a cap-and-trade emissions reductions scheme without the job destroying impact of the current design.

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