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ECONOMICS

# INQUIRY INTO THE EXPOSURE DRAFTS OF THE LEGISLATION TO IMPLEMENT THE CARBON POLLUTION REDUCTION SCHEME

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## Introduction

The Uniting Church's commitment to the environment arises out of the Christian belief that God, as the Creator of the universe, calls us into a special relationship with the environment – a relationship of mutuality and interdependence which seeks the reconciliation of all creation with God. We believe that God's will for the earth is renewal and reconciliation, not destruction by human beings.

The Uniting Church regards human-induced climate change as a most serious threat to the future and integrity of life on earth. In 2006, the Assembly Standing Committee of the Church resolved to adopt the statement *For the Sake of the Planet and all its People: A Uniting Church in Australia Statement on Climate Change*.<sup>1</sup> The statement declares:

It is increasingly the case that some humans consume the earth's resources whilst other humans pay the price. Australia must acknowledge that it has a responsibility to reduce our reliance on fossil fuels. As long as we remain prepared to abuse the atmosphere and entire ecosystems for the sake of short-term economic gain for a few, we undermine our own future.

...

The Uniting Church in Australia believes that it is important for the Australian Government to set and commit to meeting serious targets for greenhouse gas emission reductions primarily through the promotion of renewable energy sources, measures to reduce energy demand and promotion of energy efficiency measures.

The statement also highlights the Church's particular concern with the fate of some of our most vulnerable Pacific neighbours. Our partner churches in the Pacific have called on their sisters and brothers in the church throughout the world to act in solidarity to reduce the causes of human induced climate change by ratifying the Kyoto Protocol, reducing energy use and developing clean, renewable energy sources.

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<sup>1</sup> This statement is available at: [http://www.unitingjustice.org.au/images/pdfs/issues/living-sustainably/assembly-resolutions/11\\_asc\\_climatechange2006.pdf](http://www.unitingjustice.org.au/images/pdfs/issues/living-sustainably/assembly-resolutions/11_asc_climatechange2006.pdf)

In 1977 at its Inaugural Assembly, the Church stated that "(a) Christian responsibility to society has always been regarded as fundamental to the mission of the Church. In the Uniting Church our response to the Christian gospel will continue to involve us in social and national affairs."<sup>2</sup> In this statement, we also pledged "ourselves to hope and work for a nation whose goals are not guided by self-interest alone, but by concern for the welfare of all persons everywhere". It is in this spirit that the Uniting Church in Australia makes this submission on the Carbon Pollution Reduction Scheme draft legislation.

This submission has been prepared by UnitingJustice Australia, the justice unit of the National Assembly of the Uniting Church in Australia. The submission addresses aspects of the *Carbon Pollution Reduction Scheme Bill 2009* exposure draft legislation and does not address the five additional pieces of draft legislation.

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<sup>2</sup> Uniting Church in Australia, Inaugural Assembly (1977), *Statement to the Nation*, available: <http://www.unitingjustice.org.au/component/content/article/15-uniting-church-statements/190-statementtothenation-1977.htm>

## Recommendations

1. The Carbon Pollution Reduction Scheme legislation should be significantly improved and passed through Parliament.
2. A proportion of revenue from the auction of Australian emissions units must be specifically allocated to direct compensation and assistance for low-income households.
3. Direct assistance should not be given to coal-fired electricity generators.
4. Instead of compensating coal-fired electricity generators, the Government should instead prioritise support for Australia's renewable energy sector and the provisions of additional support to assist affected workers and regions with structural adjustment. Renewable energy projects should be particularly supported in these strongly-affected regions as appropriate.
5. A proportion of revenue from the auction of Australian emissions units should be allocated to climate change assistance for developing countries, in recognition of Australia's obligations under the UNFCCC and the Kyoto Protocol.
6. Australia should commit, at a minimum, to a 25 percent reduction in net emissions by 2020 and work cooperatively internationally to enable a 90 percent reduction in Australian net emissions by 2050 (based on 1990 emission levels).
7. The introduction of the Carbon Pollution Reduction Scheme should not be delayed because of the current global and domestic economic conditions. The 2010 start date should be maintained.

## General comments

The Uniting Church has welcomed the public consultation processes of both the Garnaut Review and the Department of Climate Change Green Paper as significant opportunities for Australians to explore our shared hopes and aspirations for the future and the values and priorities which should drive public policy. We welcome this current inquiry being conducted by the Senate Standing Committee on Economics as a continuation of these important consultation processes.

However, we are deeply disappointed at the limited time made available to make submissions to the inquiry, given the size of the legislation to be considered.

Human-induced climate change does indeed represent what has often been described as the greatest ever market failure. Should global greenhouse gas emissions continue to rise along a 'business as usual' trajectory, the result will be catastrophic environmental damage and concomitant devastation for people all over the world. The Uniting Church welcomes the proposed Carbon Pollution Reduction Scheme as one important strategy in the necessary transformation to a 'green' economic system, that, while market-based, is designed to serve all people and contribute to the wellbeing of the planet and future generations.

As Christians, we are called to witness to the gospel of life, justice and peace. The Uniting Church's advocacy is focussed first and foremost on its call to stand with and serve people who are marginalised through poverty, oppression and persecution. We believe that we are called to work within society to seek life-affirming solutions to the problems created by systems, structures and policies which are based on values such as greed and individualism and which promote consumerism, materialism and economic inequity. Our comments on the draft Carbon Pollution Reduction Scheme legislation reflect our commitments to uphold the integrity of the planet as God's good creation and serve the needs of people who suffer the effects of poverty and social marginalisation. For the Uniting Church, social justice and environmental sustainability are inherently connected to each other and must always take precedence over the desire for increasing profits and the amassing of wealth by a relative few.

The following principles, therefore, underlie our comments and responses to the draft Carbon Pollution Reduction Scheme legislation:

- We must urgently do all we can to reduce our greenhouse gas emissions
- Australia's action domestically to reduce its greenhouse gas emissions has a major impact on our credibility in climate change negotiations in the international arena

- As a priority we must ensure that low-income households and people affected by poverty do not suffer further as a result of the introduction of the CPRS
- The protection of the environment for its own sake and for the sake of our children and future generations should take precedence over maintaining and growing the already large profits of big industry
- We must begin to transform our economy from one based on fossil fuels to a 'green' economy that reflects respect for the limited resources of the planet and the need for justice and equity among all people.

In our submission on the Carbon Pollution Reduction Scheme Green Paper<sup>3</sup>, the Uniting Church expressed its support for the Scheme as an effective and important strategy for reducing Australia's greenhouse gas emissions.

We recognise that there are two separate key issues that need to be considered:

- The target for the net reduction in Australia's greenhouse gas emissions, with 2020 being a key date as a milestone towards progress in emission reductions;
- The CPRS design as an emission trading scheme, which is one component towards emission reduction. The design is important as it sets up who pays for emission reductions and who gets incentives to reduce their emissions or continue with business as usual.

We believe that the primary objectives of the CPRS must be to contribute effectively and appropriately to avoiding dangerous climate change, begin Australia's transformation to a low-carbon economy and allow Australia to act with credibility in the international climate change negotiations. In its current form, the CPRS legislation does not meet these objectives.

Rather, it continues to support polluting industries and a carbon-intensive economy and we believe it must be changed to prioritise the development and expansion of the renewable energy sector. The scheme also misses the opportunity presented in the large volume of emissions unit revenue to assist developing countries in climate change adaptation and mitigation and to meet Australia's international obligations in this area. The low emission reduction targets announced by the Government will not sufficiently meet Australia's fair share of the global mitigation effort.

Australia needs to begin putting policies and frameworks in place now to start reducing our greenhouse gas emissions and transforming our economy away from carbon-intensive production

<sup>3</sup> available at: [http://www.unitingjustice.org.au/images/pdfs/issues/living-sustainably/submissions/cprsgreenpaper\\_uca\\_090908.pdf](http://www.unitingjustice.org.au/images/pdfs/issues/living-sustainably/submissions/cprsgreenpaper_uca_090908.pdf)

and towards low-carbon and renewable energy industries. While it is important to recognise that the CPRS is only one of what must be numerous tools developed and implemented, it is a significant one and thus everything possible must be done to ensure that it will provide an effective start upon which to build. Furthermore, Australia must go to the UNFCCC negotiations in Copenhagen in December this year with a contribution to make to the global action on climate change. Only from this position will the Australian delegation be able to push for other nations, both developed and developing, to commit to climate change mitigation and adaptation frameworks which are in Australia's national interest. We believe it is vitally important therefore, that the CPRS be improved and the resulting legislation passed.

## Support for low-income households

We note that the legislation to implement the household assistance package, although not yet released for comment, will be introduced into Parliament accompanying the bills current released in draft form. We anticipate that the community sector will be given the appropriate opportunity to comment on what will be very significant policies for the sector and the people it works closely with in our community

The Uniting Church seeks to assist the most marginalised and vulnerable people in our community. It is the needs of the most disadvantaged that we are called to voice in the climate change debate. The Church is therefore particularly concerned with the potential impact of the Carbon Pollution Reduction Scheme (CPRS) on low-income households.

We believe that priority should be given to compensating low-income households for the disproportionate economic impact the CPRS will have on them. This should partly occur through assistance to improve the efficiency of their energy use. However we believe direct compensation through the tax and transfer system will also be necessary. The Uniting Church therefore supports the Government's commitment to use the funds raised by the CPRS to help low-income households adjust to the increase in energy costs that will result from the scheme.

We welcome the commitments made in the White Paper that "pensioners, seniors, carers and people with disability will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the Scheme." Further that "Low-income households will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the Scheme." We further welcome that pensioners, seniors, carers, people with disability and recipients of allowance benefits will receive an increase of 2.5% (including upfront indexation)

## Support for coal-fired electricity generators

We do not support the Electricity Sector Adjustment Scheme, outlined in Part 9 of the draft Bill. Direct assistance should not be given to existing coal-fired electricity generators. This will only reduce the incentive for consumers to switch to renewable energy generators and hinder the expansion of the renewable energy sector in Australia.

The commentary document accompanying the draft Carbon Pollution Reduction Scheme Bill 2009 states "[c]ompetition from relatively less emissions-intensive generators, which face lower costs under the Scheme, may cause these emissions-intensive generators to lose profitability."<sup>4</sup> It is not clear how this would be a negative consequence, given that the object of the scheme should be to encourage movement towards less emissions-intensive production and activities. Furthermore, we remain unconvinced that it is not possible for coal-fired electricity generators to pass on the costs of the CPRS to consumers. This would drive a movement to renewable energy sources, which we believe should be the goal of climate change policies.

Compensation will only allow the coal industry to continue to conduct its operations in its current manner, rather than assisting with the movement of the Australian economy away from carbon-intensive activities. It will give coal-fired electricity generators a subsidy that allows them to be more competitive against renewable energy generators than they would be if full market forces were allowed to operate, hindering the development and expansion of the renewable energy industry in Australia.

We do not believe that securing investor confidence is a valid reason for compensating the coal industry (the argument that is put forward in the commentary accompanying the draft Bill<sup>5</sup>). By 2010, when the CPRS is scheduled to come into force, the coal industry will have had nearly 20 years of advance warning that governments would in the future need to implement some form of regulation of carbon pollution, going back to the IPCC First Assessment Report in 1990. This is acknowledged in the Department of Climate Change CPRS Green Paper.<sup>6</sup> Firms in all industries regularly make decisions which are subject to unknown and uncertain future market developments and we do not see any reason to specifically single out investors in the coal industry for special (and inappropriate) support. To provide further assistance to coal-fired electricity generators rewards those investors who made reckless investment

4 Carbon Pollution Reduction Scheme Bill 2009 Exposure Draft Commentary, [http://www.aph.gov.au/senate/committee/economics\\_ctte/cprs\\_09/commentary\\_cprs\\_bill.pdf](http://www.aph.gov.au/senate/committee/economics_ctte/cprs_09/commentary_cprs_bill.pdf), p.133

5 *ibid.*, p.134

6 Department of Climate Change (2008), *Carbon Pollution Reduction Scheme Green Paper*, p.30

decisions, gambling that Australia would continue to make a minimal contribution to the global effort to mitigate greenhouse gas emissions.

Rather than compensating coal-fired electricity generators, the Government should instead prioritise support for Australia's renewable energy sector and the provision of additional support to assist affected workers and regions with structural adjustment. Renewable energy projects should be particularly supported in these strongly-affected regions.

## Support for emissions-intensive, trade-exposed industries

The Uniting Church has been supportive of assistance to Australia's most emissions-intensive, trade-exposed industries, on the grounds of avoiding 'carbon leakage'. These industries and firms should not be exempted from requirements to reduce their emissions, and so we support the assertion in the draft Bill commentary that "[t]he program is based on the expectation that all industries should contribute to the national emissions reduction effort and provides strong incentives for all entities to pursue abatement opportunities."<sup>7</sup>

The Government needs to ensure that the threshold levels for assistance do not provide incentive for an industry to hang-back on reducing their emissions. If an industry calculated that crossing the emission intensity threshold for assistance by reducing their emissions would cost more, by the loss of the assistance, than is saved by reducing the costs of paying for emissions then it will be in the interests of an industrial sector to collude to not reduce their emissions to below the emission intensity threshold

We support the five yearly-review of the assistance for EITE businesses. It is important to ensure that Australian EITE industries are not given unfair levels of support relative to the rest of the Australian economy, and relative to their competitors overseas once other countries move to price carbon domestically.

## Assistance for developing countries

The Uniting Church believes that a proportion of revenue from the auction of Australian emission units must be allotted to climate change assistance for developing countries. Such an allocation is excluded completely from the CPRS draft legislation.

Assisting developing countries with reducing their emissions (mitigation), adaptation and the transfer of technology are obligations under both the UN Framework Convention on Climate Change and the Kyoto Protocol.

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<sup>7</sup> Carbon Pollution Reduction Scheme Bill 2009 Exposure Draft Commentary, op. cit., p.120

Article 4.3 of the UNFCCC states that:

The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with this Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties

Article 4.4 specifically states that:

The developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects

Article 4.5 of the UNFCCC states that developed country Parties and other developed Parties included in Annex II shall:

...take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other parties, particularly developing country Parties, to enable them to implement the provisions of the Convention

Article 4.7 states:

The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.

Australia is listed in both Annex I and Annex II of the UNFCCC.

Article 10(c) of the Kyoto Protocol states that Parties shall:

Cooperate in the promotion of effective modalities for the development, application and diffusion of, and take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally

sound technologies, know-how, practices and processes pertinent to climate change, in particular to developing countries, including the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain and the creation of an enabling environment for the private sector, to promote and enhance the transfer of, and access to, environmentally sound technologies.

Despite these international obligations on developed countries, international funding efforts have to date been woeful. Since September 2007, the rich and high-polluting countries have increased their contributions to the Least Developed Countries Fund (LDCF) by only US\$9.54 million (\$10.6 million) bringing the total pledged to US\$172.84 million (\$192 million).<sup>8</sup> Australia's contribution to the LDCF has been only \$7.5 million in 2007.<sup>9</sup> Oxfam's estimate for urgent adaptation needs which should come from this fund is at least US\$2 billion (\$2.2 billion), leaving a yawning gap between what's needed and what has been delivered.<sup>10</sup>

Under the Kyoto Protocol the key opportunity for adaptation financing is the Adaptation Fund (AF). However, in its current state, it will never be able to provide the level of funding required because revenue raised is limited to one mechanism; a 2% levy applied to the Clean Development Mechanism (CDM). Initial funding is unlikely to be available before 2010. The total funding this is expected to raise by 2012 is only US\$80-300 million per annum.<sup>11</sup> The global costs for adaptation in developing countries are estimated to be in the tens of billions of dollars per annum.<sup>12</sup>

We note the estimate of Make Poverty History, of which we are a member, that Australia's fair share of adaptation funding for developing countries would be US\$1.5 billion (\$1.7 billion) on an annual basis by 2015 in addition to Australia providing its promised 0.7% Gross National Income (GNI) for development aid to address poverty.<sup>13</sup>

Garnaut's Draft Report correctly states that the unquantified assurances for technology transfer to developing countries under the UNFCCC and Kyoto Protocol have not been translated into action. He states; "Some technology transfer has occurred under

the Kyoto Protocol's Clean Development Mechanism, but nothing on the scale required to underpin broad-based mitigation [emission reductions] in developing countries".<sup>14</sup> The report goes on to state that under the UNFCCC on average less than US\$1 billion (\$1.1 billion) a year was allocated to climate change projects between 1991 and 2004.<sup>15</sup> Garnaut states that "Developed country governments and international development finance institutions will need to step into the breach to provide developing countries with financing to kick-start the move to a low-emissions future" until such time as developing countries are able to participate in the international trade in emission rights.<sup>16</sup> He goes on to state that "Such financing would provide critical technology – existing and new – to support the transition to a low-carbon economy, but could extend beyond the energy markets to other areas such as reducing deforestation".<sup>17</sup>

The current inadequate funding contributions to adaptation and mitigation come as communities in developing countries are experiencing first hand the deep injustice of the impacts of climate change. Rich nations, including Australia, have for decades emitted a disproportionate share of greenhouse gases into the atmosphere, and yet it will be the poorest and least responsible countries and communities that will be worst affected by the affects of climate change caused by these emissions. Climate change is already beginning to undermine poverty reduction and sustainable development objectives under the Millennium Development Goals (MDGs), and is set to deteriorate even further. It cuts across all development issues and seriously threatens the lives and livelihoods of poor people around the world. It affects all sectors of development from food and water security, to health and sanitation, to displacement and migration, and conflict and disasters.<sup>18</sup> Developing countries are more vulnerable to climate change because they are more dependent on their natural resources than developed countries, and have a lower capacity to cope with environmental hazards and shocks.<sup>19</sup>

On our own doorstep, low-lying Pacific communities need support in adaptation. The small island states of the Pacific are especially vulnerable to the impacts of climate change, sea level rise and extreme weather events. In 2007 damages from severe flooding alone in Northern Fiji cost FJ\$10m (\$7.1m). In Tuvalu king tides destroyed many homes and contaminated food supplies. In the 2004-5 cyclone season the Cook Islands incurred millions of dollars of damage from five cyclones in one single month,

8 These figures are sourced from the Global Environment Facility, as of May 2008

9 Garnaut Climate Change Review (2008), *Draft Report*, p.316

10 This figure is based on a scaling up of all existing National Adaptation Programs of Action (of which there are 31 as of June 2008) to all 49 Least Developed Countries.

11 Garnaut Climate Change Review, op. cit., p.316

12 Oxfam International (2007), *Adapting to climate change*, Oxfam Briefing Paper 104

13 Make Poverty History (2008), *See the Bigger Picture. Act on Climate Change*, pp. 12-13

14 Garnaut Climate Change Review, op. cit., p.310

15 *ibid.*, pp.310-311

16 *ibid.*, pp.312-313

17 *ibid.*, p.313

18 Oxfam International, op. cit.

19 UNDP Human Development Report 2007, UNDP: New York

heavily affecting its economy and infrastructure.<sup>20</sup> Fresh water is an extremely limited resource in most Pacific island states and many rely on a single water source. Any changes to the replenishment of this source or contamination by saltwater (from rising sea levels or leakage from storm surges) would then have catastrophic consequences for the viability of Pacific communities.<sup>21</sup> Pacific Island societies are highly dependent on their natural environment with communities, infrastructure, agricultural land and tourist resorts are all concentrated in coastal zones. The rapid poverty reduction that is needed to help poor communities build resistance to the stresses of climate change is threatened by the onset and intensification of climate change effects.

This issue is of particular concern in the Uniting Church due to our close relationship with our partner churches in the Asia Pacific region. This concern was highlighted in a recent open letter from several Australian religious leaders (including the President of the Uniting Church, Rev. Gregor Henderson) to the Australian Government, which called for greater action to reduce Australia's greenhouse gas emissions and greater assistance for Pacific island communities to help them adapt to the effects of climate change. Australia, as the wealthiest developed nation and largest greenhouse gas emitter in the Pacific region, has a responsibility to lead the way in not only reducing its own emissions, but also to provide financial assistance to nations in the region struggling to adapt to climate change.

Whilst we acknowledge the recent advances made by the Government in this area (including the Adaptation to Climate Change initiative), our commitments to date have been inadequate. The significant amount of revenue expected from the auction of Australian emissions units represents a unique and vital opportunity to meet our obligations to developing countries under the UNFCCC and the Kyoto Protocol, including to our neighbours in the Pacific. This support for developing countries will be vital for achieving a position global agreement at the UNFCCC negotiations in Copenhagen this year. This climate change assistance must be accounted for in addition to rather than as a part of existing aid programs, as climate change funding must not detract from poverty reduction and development assistance levels.

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20 Naicker, J.R. (2007), 'What to pay for – Climate Change or Development', *Just Change: Critical Thinking on Global Issues*, Issue 10, October, p.2

21 IPCC (2007), *Up in Smoke? Asia and the Pacific – the threat from climate change to human development and the Environment*, Fifth Report from the Working Group on Climate Change and Development, p.82

## Emissions reduction targets

Given that "[t]he scheme will be the primary means through which Australia will aim to meet its international obligations"<sup>22</sup> we believe it is appropriate to comment here on the links between the scheme, Australia's emissions reduction targets and our role in the international climate change negotiations.

The importance of Australia's domestic action in relation to its impact in the global arena is acknowledged in the draft Bill commentary document, which states that "Australia's domestic action will also be a critical influence on our international credibility and capacity to help shape an effective global response."<sup>23</sup> The Government has acknowledged that stabilisation of the world's atmospheric concentrations of greenhouse gases below 450ppm-e is in Australia's national interest and so this goal must guide our actions domestically and in the international arena.

We do not believe that the Australian Government's current commitment to 5 -15 percent emissions reduction targets equates to an appropriate contribution to the global effort to avoid dangerous climate change. It will not place Australia in a credible position to push for stronger action on climate change in the international climate change negotiations.

At a minimum we should commit to a 25 percent cut in emissions by 2020 and 90 percent by 2050 as part of a comprehensive global agreement, which the Garnaut Review estimated as Australia's contribution to a 450ppm-e stabilisation target.<sup>24</sup> Modelling from the Australian Treasury has shown that average economic growth between the 2010s and 2040s will be reduced by only 0.1 of a percent in a 25 percent emissions reduction scenario compared with the 'business as usual' scenario where no mitigation action occurs.<sup>25</sup> Given the catastrophic environmental and economic costs that have been forecast as a consequence of inadequate or ineffective action on climate change, we believe this small economic sacrifice is entirely appropriate.

## The current global economic context

Many opponents to the CPRS, from business and politics, have argued that the scheme should be delayed given the current state of the Australian and global economies. We flatly reject this argument. The global financial crisis does not provide a reason to

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22 Carbon Pollution Reduction Scheme Bill 2009 Exposure Draft Commentary, op. cit., p.86

23 *ibid.*, p.9

24 Garnaut Climate Change Review (2008), *Final report*, p.xxx

25 Australian Treasury (2008), *Australia's Low Pollution Future: The Economics of Climate Change*, 'Chapter 6: Mitigation scenarios – Australian results', p.144, available: [http://treasury.gov.au/lowpollutionfuture/report/downloads/06\\_Chapter6.pdf](http://treasury.gov.au/lowpollutionfuture/report/downloads/06_Chapter6.pdf)

delay action on climate change and the introduction of an effective Carbon Pollution Reduction Scheme. The costs to the community of delaying action will be far greater than the cost of implementing an improved CPRS now.

Furthermore, current economic conditions provide an opportunity to move Australia's economy to a model which will be internationally-competitive in the emerging low-carbon world. As the Australian economy comes out of the current economic downturn new investment will be needed, and it is entirely appropriate that we ensure now that these investments will create new employment and economic opportunities which place us well internationally.

In order to provide the certainty needed for the economy to recover from the current crisis, and for investment to occur in the most low emissions-intensive industries and firms, the CPRS must be implemented as soon as possible. As such, we support maintaining the 2010 start date for the scheme.

## Conclusion

The primary objectives of the Carbon Pollution Reduction Scheme must be to contribute effectively and appropriately to avoiding dangerous climate change, begin Australia's transformation to a low-carbon economy and to allow Australia to act with credibility in the international climate change negotiations. The Uniting Church does not believe that the Carbon Pollution Reduction Scheme legislation meets these objectives in its current form. We believe the scheme must be changed in order to prioritise the development and expansion of the renewable energy sector and the protection of the most vulnerable from further economic hardship over maintaining the profits of polluting industries. It must also support international efforts to avoid dangerous climate change, by encompassing emissions reduction targets which are comparable to Australia's global responsibility and by increasing Australia's funding to adaptation and mitigation assistance for developing countries. While it is important to recognise that the CPRS is only one of what must be numerous tools developed and implemented, it is a significant one and thus everything possible must be done to ensure that it will provide an effective start upon which to build. We believe it is vitally important therefore, that the CPRS be improved and the resulting legislation passed.