

MEDIA RELEASE



The Hon **David Hawker** MP
Federal Member for Wannon



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HAWKER FIGHTS TO PROTECT WESTERN VICTORIA FROM LABOR'S EMISSIONS TAX

Federal Member for Wannon, David Hawker, today endorsed the Coalition's amendments to Labor's flawed Emissions Trading Scheme, but warned that if the Government isn't prepared to negotiate on vital points the legislation should be voted down.

"The Coalition has unveiled a plan to save thousands of jobs and limit increases in electricity prices for local small business and households through common sense amendments to Labor's flawed and rushed emissions trading scheme," Mr Hawker said.

"The package demonstrates Labor's emissions scheme can be made cheaper and smarter, protecting jobs.

"Under the Coalition's plan key local industries like food processing (particularly dairy and abattoirs), natural gas and aluminium, will be better protected, and the package also protects local farmers from the scheme by exempting agriculture altogether. By allowing agricultural offsets which include carbon sequestration in soils and vegetation, there is also the opportunity for financial, land management and emission reducing benefits in the rural sector.

"This is a win/win for local farmers and the environment, and is vitally important for Western Victoria to ensure our farmers are not disadvantaged in comparison to trade competitors in New Zealand, Europe and America."

Mr Hawker said that by including voluntary measures, the environment will also benefit from individuals, businesses and community groups who develop their own initiatives to reduce greenhouse gas emissions.

"The Coalition will continue to advocate an intensity-based cap and trade approach to the electricity sector, as this more than halves the initial increase in electricity prices, reducing the economic costs of achieving emissions cuts," Mr Hawker said.

"If the Government refuses to consider the intensity-based approach, it must clearly explain why, and work with the Coalition to provide an alternative strategy for cushioning the initial impact of higher power bills on small businesses and households."

Mr Hawker said he is pushing particularly hard to ensure the future of the Portland smelter is not put at risk.

"I'm adamant that this region should not be hit harder by Labor's new tax than the city," he said.

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The key amendments to Labor's flawed CPRS and the commitments required from the Government that will be sought by the Coalition are outlined below:

Trade Exposed Industries

- Amend the CPRS to provide a single level of assistance for emissions intensive trade exposed (EITE) industries at 94.5 per cent until 2015 and 90 per cent thereafter.
- Lower the threshold for assistance from the CPRS proposal of 1000 tonnes of CO₂ per \$1 million of revenue to 850 tonnes of CO₂ per \$1 million.
- Continue to provide assistance to Australian EITE industries at 90 per cent until 80 per cent of their international competitors have also implemented carbon abatement measures.
- Include primary food processing such as dairy and meat in the EITE scheme.
- Allow industries that include a series of sequential or parallel production processes to have these assessed as a single activity in determining assistance.

Agriculture

- Permanently exclude agricultural emissions from the CPRS.
- Obtain Government agreement to introduction of an agricultural offset scheme in line with similar offset schemes to be introduced in comparable economies such as the US and EU.

Coal Mine Emissions

- Exclude coal mine fugitive emissions from the CPRS.
- Provide the Minister with authority to use regulation to control fugitive emissions with the objective of achieving a 30 per cent reduction by 2025 as technology and international best practice allow.

Lower Electricity Prices

- The Coalition will continue to advocate an intensity-based cap-and-trade model for generators. This delivers the same emissions cuts as the CPRS but with a much smaller increase in electricity prices.
- This would greatly reduce the burden on small and mid-sized businesses, which receive no compensation for higher power bills under Labor's proposals.
- Under the CPRS retail electricity prices will rise by close to 20 per cent in the first two years. Under an intensity approach, retail electricity prices would rise by less than 5 per cent in the first two years.
- If the Government continues to refuse to consider the intensity model, the Coalition will negotiate for an alternative approach to cushion near-term electricity price increases for small businesses.

Compensation for Electricity Generators

- Coal-fired generators must be better compensated for loss of value they experience from the CPRS, to ensure security of electricity supply and enable them to transition to lower emission energy sources.
- The CPRS offers coal-fired generators 130 million permits over five years worth \$3.6 billion. Yet three respected private sector analysts estimate their losses at \$9–\$11 billion.
- Assistance should be increased to 390 million permits over 15 years (or about \$10 billion). Assistance should be allocated to all generators in proportion to the losses they suffer.
- In the absence of access to the Government's secret Morgan Stanley report, this represents the Coalition's best estimate of appropriate generator compensation given the available data.

Energy Efficiency and Voluntary Action

- The Coalition will negotiate for a national "white certificate" energy efficiency scheme so households and businesses earn credits for efficiency measures, and contribute to reducing national emissions.
- Likewise, the Coalition supports creation of a voluntary offset market in advance of the introduction of the CPRS, and amending the CPRS to ensure voluntary abatement leads to a lower national level of emissions.