

Business urges caution on emissions trading scheme

AFR, Phillip Coorey and Primrose Riordan, 16 July, 2015

Business has urged Labor to be cautious in developing an emissions trading scheme, as Opposition leader Bill Shorten assured the policy would rely more on an increased use of renewable energy than carbon trading.

Key business groups made it clear they would not support any policy that put them at a competitive disadvantage, after a leaked Labor policy proposal showed the party was working on an ETS to take to the 2016 election.

While the government immediately dusted off the "great big new tax" campaign it used against Julia Gillard, Mr Shorten – who has always said Labor would take a carbon price to the next election – assured it would not resemble the fixed-price carbon tax that helped undo the Gillard government.

He hinted on Wednesday that the policy would involve trading in low-cost international permits. These could either be fixed to the European market, which currently trade at about \$8 to \$10, or the even lower-cost certified emission reduction permits, which are United Nations-approved and issued by developing nations.

"We believe climate change is real and we believe that there are sensible measures we can make, working with the rest of the world and focusing on a market-based system and also focusing on renewable energy," Mr Shorten said.

He said it was "rubbish" to call a floating-price ETS a carbon tax, but Prime Minister Tony Abbott disagreed, saying a carbon price, fixed or floating, was a carbon tax.

'Labor can't learn'

"This just shows that Labor can't learn and hasn't changed. And it shows that Bill Shorten is in every respect a carbon copy of Kevin Rudd and Julia Gillard," Mr Abbott said.

The Coalition claimed the leak was designed to end Mr Shorten's leadership, or "kill Bill".

The proposal, devised by shadow environment minister Mark Butler, was held only by a handful of Labor people. Mr Shorten stressed that Labor's policy would be more heavily focused on an increased use of renewable energy.

The proposal was leaked to the News Ltd tabloids, which mercilessly lampooned Mr Shorten and the policy. One shadow minister said this would not affect Labor's resolve.

"I'll be f---d if we're going to be scared off by Rupert Murdoch and Tony Abbott," he said.

Previously, employer groups such as the Australian Industry Group supported a low-cost trading scheme, in which businesses would be able to offset emissions using low-cost, international permits. A spokesman for the Business Council of Australia urged Labor to consult on any possible policy.

'Careful, sensible' policy needed

"What we need in Australia is careful and sensible carbon policy while maintaining our competitive position, including the competitiveness of our important industries," the spokesman said.

Australian Chamber of Commerce and Industry chief executive Kate Carnell said unless there was a scheme to which the United States and China were committed, Australia should stick to the Abbott government's direct action scheme, which pays polluters from the budget to cut emissions. But she

said that should be augmented by allowing polluters to offset their emissions with cheap overseas permits.

"In the absence of a global scheme, the federal government's existing auction-based abatement initiatives are the right way to reduce emissions and could be strengthened by the partial inclusion of cheaper international carbon permits," she said.

Next month, Mr Abbott will announce Australia's emissions reduction target for beyond 2020 and how he intends to achieve it.

At the ALP national conference next week, the Labor Environment Action Network, established by former NSW Premier Kristina Keneally, has marshalled the support of 350 ALP branches, calling for a 50 per cent renewable energy target by 2030 and for a 40 per cent reduction in emissions from 2005 levels by 2030.