

Climate Change Group, Dept. of Prime Minister and Cabinet

Dear Sir/Madam

Thank you for the apparently excellent recommendations in your confusingly long paper entitled 'Abatement incentives prior to the commencement of the Australian Emissions Trading Scheme'. I currently wish mainly to assist expedition of your following recommendation for stakeholder consideration:

It is proposed that streamlined protocols be developed for eligible early action and offset projects.

I note that stakeholder feedback is also sought on priority project activities for protocol development and will make another, related submission soon. Before doing so, I seek your confirmation that I have understood your paper correctly. I therefore provide the summary below. Is this basic program description correct?

Description of the Abatement Incentives Program

The government will provide an up front free allocation of permits (early action credits) to firms suffering a significantly larger than average loss of asset value as a result of the introduction of an aggregate constraint on Australia's emissions.

It is proposed that such credits are only provided for activities that represent abatement that has actually occurred, and which are additional, permanent, measurable, and verifiable.

Action credits may be accompanied by the government provision of offset credits if abatement activities occur in sectors not covered by the scheme (e.g. agriculture and forestry emissions).

All suitable projects established after 3rd June 07 are eligible to apply for early action and/or offset credits.

It is proposed that the Australian Government's Greenhouse Friendly program provide the initial administrative mechanism for approving early action credits and offset credits for use in an emissions trading scheme. The Government does not propose any quantitative limits on early action credits.

Potentially Related Partnerships

In regard to the Early Abatement Incentives Scheme, I also draw your attention to the recent statement by Gavin Brown, the Vice Chancellor of Sydney University, who wrote in the Sydney Morning Herald (24.9.07, p.15) that co-investment is the key to future development. On the same day, Rick Turchini, the Managing Director of Baulderstone Hornibrook, wrote even more clearly on a similar theme. He said:

Creating alliances is another way forward, as teams from the public and private sector come together, develop shared objectives and work towards a common goal. This can reduce conflict, as well as developing a way of

sharing risk appropriately.' (Australian Financial Review, 24.9.07, p.71).

How right he seems. (But only time can tell?)

Notes on Voluntary Markets, Emissions Measurement and Legislation

What are the voluntary markets you refer to in your paper? (I thought all markets were supposed to be voluntary?) The best of British luck to you with measurement. (What I read of it often seems like pigs' breakfast.) The National Greenhouse and Energy Reporting Bill (2007) is horrifying for many more reasons than I can bear to go into now. Perhaps the most notable of these is that it ignores state occupational health and safety acts which all apply to 'workplaces'. The bill applies to 'facilities' instead. In my opinion, these varying, key definitions are mainly likely to provide multiple rich new legal fields to treat the risks arising from work, at the expense of industry and employers. This apparent problem is not noted in the report of the Senate Environment, Communications, Information Technology and Arts Committee. Senators and submission makers have concerns about the bill for other reasons, but all realize its importance. No doubt we will get to deal more deeply with all the related issues in the fullness of time. Do not let them stop us from doing what appears to be most sensible and straightforward, starting now.

Yours truly

Carol O'Donnell