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**TITLE: What will Wong's CPRS actually do?**

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**PUBLICATION: Crikey**

**PUBLICATION DATE: 21/10/09**

**LINK:**

The CPRS is increasingly looking like the answer to a question that nobody asked, namely, what would be the best way to introduce a complex and expensive national scheme that sounds like a solution to climate change without really changing anything?

But as the Senate vote gets closer the first question that the Climate Change Minister, Penny Wong, must answer is this: if the Carbon Pollution Reduction Scheme (CPRS) doesn't increase the cost of transport fuels, doesn't apply to agriculture and, as Treasury modelling shows, doesn't lead to a reduction in our reliance on coal fired electricity until at least until 2033, what does it actually do?

Of course asking the Minister simple questions is different to getting answers, but we can only hope that before the Parliament votes on this important issue it has a full understanding of what it is actually voting to do, and what it is voting not to do.

The first thing that the CPRS isn't going to do is reduce our emissions from coal fired power stations. According to a recent analysis of the Treasury's modelling, the CPRS will not be responsible for the closure of a single coal fired power station.

While that may seem absurd it is in fact quite easy to explain. The carbon price is determined by the interplay of supply and demand. Because the government plans to issue so many pollution permits the price of the permits will be low. And without a significant carbon price, renewables have no chance of competing with their highly polluting coal fired competitors.

The next thing the CPRS isn't going to do is drive down emissions in the transport industry. Why not? Because in a moment of panic when the world oil price was rising the government decided to reduce the rate of fuel excise by an amount equivalent to the carbon price. This is the policy equivalent of a bank announcing that it has lowered its fees but increased its user charges.

This farcical arrangement allows the Minister to maintain her claim that the scheme has 'broad coverage' while at the same time assuring voters that her scheme will have no impact on the petrol price.

And when it comes to transport, there is a little sting in the tail that the CPRS's fans in the environment movement seem to have missed – while it will do nothing to increase the cost of petrol, the CPRS will actually increase the cost of running electric commuter trains. While the polluters have their hands out for excessive compensation, the state governments aren't demanding a cent.

And the final thing the CPRS won't do is reduce emissions from agriculture for the simple reason that agriculture is not covered by the CPRS in the short run. In the longer run the enormous difficulties associated with accurately measuring emissions across more than 100,000 farms means that agriculture is unlikely to ever be included in the scheme.

Now let's put these three omissions into perspective. The biggest sources of emissions in Australia are electricity generation, transport and agriculture. And the CPRS does nothing to reduce the number of coal fired power stations, insulates the petrol price from the carbon price, and does not cover agriculture.

Again, the question for the Minister is, what will her CPRS actually do?

The government likes to suggest that the CPRS is the result of a long and careful analysis of policy options. While the Coalition is accused of simply playing politics, the government, we are told, is guided by the policy imperative to reduce Australia's emissions substantially, quickly, and at least cost. Unfortunately, in this era of so called 'evidence based policy' there is abundant evidence that the CPRS fails on all three counts.

In theory an emissions trading scheme can deliver 'least cost abatement'. But the latest iteration of the CPRS is virtually unrecognisable as an emissions trading scheme. The targets ignore the science. The free permits for the electricity generators ignore the economists. And the decision to cap the price defeats the whole point of letting the market solve the problem.

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