

QUESTION ON NOTICE

No. 941

asked on Thursday, 7 June 2007

MR CHOI ASKED THE MINISTER FOR MINES AND ENERGY (MR WILSON)—

Will he advise the reasons why the Private Member's Bill proposed by the Opposition on voluntary carbon trading could not be supported?

ANSWER:

I thank the Member for his question.

The Queensland Government did not support the Voluntary Carbon Credit Trading Bill because its objectives, to facilitate reductions in the growth of greenhouse gas emissions in the State, nationally, and internationally, could not be met through the Bill's proposed voluntary scheme.

Firstly this type of scheme no longer provides a first mover advantage. Secondly, a voluntary exchange is unlikely to compliment a national scheme and finally, the time has passed for government intervention through a voluntary exchange – a mandatory approach is now necessary.

The opposition claimed that this voluntary exchange would provide a first-mover advantage in the market. In reality, the scheme proposed by the Bill is somewhere in the vicinity of the seventh mover. Already established voluntary schemes run by private enterprises are good initiatives allowing businesses and households to offset their greenhouse gas emissions. We support their continued success. However the Bill proposed that the government effectively crowd-out these private sector schemes. Government does not need to duplicate what the free market is already providing.

Furthermore The scheme proposed by the Bill aims to be "complementary to any subsequent national or international approach taken on this issue" such as the National Emissions Trading Taskforce emissions trading scheme already set to commence in 2010. The United Kingdom is a good case example. The UK voluntary exchange was established three years prior to the implementation of the European Union emissions trading scheme as a complementary, transitional scheme designed to ease businesses into their mandatory obligations.

However, the UK voluntary emissions trading exchange failed because the differences between the UK and European Union emissions trading models made integration difficult. The same impediments exist in Queensland. The National Emissions Trading Taskforce design has yet to be finalised, therefore there is real risk that there could be significant differences between the voluntary and mandatory schemes.

The time for voluntary actions has passed. Reputable bodies, such as the Intergovernmental Panel on Climate Change, have shown us that the increasing concentrations of greenhouse gases in the atmosphere could contribute to dangerous climatic change unless we take action now. Mandatory measures can be implemented without causing significant economic dislocation.

A mandatory approach, like the one proposed by the National Emissions Trading Task Force, has been internationally recognised as the most effective solution to this critical issue. This mandatory approach will ensure participation by large emitters, put an explicit price on carbon emissions and provide investment certainty for business through clearly defined caps which provide a goal for emission reduction. The Prime Minister has recognised the need for mandatory measures with his recently tabled report from his Task Group on Emissions Trading, which recommended the introduction of a mandatory national emissions trading scheme.

Under the model proposed by the Bill, there would be no formal obligation or limit on emissions imposed on firms, so there is little or no motivation for firms to pay to invest in emission reduction activities or purchase carbon certificates. As such, the effectiveness of the proposed scheme is questionable.

The Queensland Government's ClimateSmart 2050 policy commitment demonstrates a bold commitment to tackle climate change. Measures such as clean coal, increased gas and renewable generation, as well as energy efficiency will achieve real and necessary greenhouse gas abatement.