

NEWS LIMITED

Monday, 21st April

Professor Ross Garnaut
Garnaut Review Secretariat
Level 2, 1 Treasury Place
Melbourne 3002 VIC

Dear Ross,

While supporting an inclusive market based emission trading system, News Limited would like to contribute the following suggestions which are proposed to help achieve an effective and efficient Emissions Trading Scheme (ETS), National Greenhouse/Energy Reporting Act (NGER), and Energy Efficiency Opportunity Act (EEO).

1. Incentives for reductions should be applied at the point of efficiency

Businesses which undertake significant capital projects that make meaningful reductions in carbon emissions should be able to benefit by being able to claim carbon credits, whether they are participating in the ETS scheme or not. This could, for example, be a business with a significant project that reduces emissions through Scope 2 electricity reductions which it can then claim back as carbon credits, possibly from their energy supplier (which retains an administrative fee for this service). Energy suppliers could offer customers a commercial service to consolidate demand side abatement projects, gain ETS certification and administer the awarding and brokering of carbon credits.

Companies that offset emissions should be able to have those offsets deducted from Australia's total emissions inventory. This is essential if Australia is to reduce its emissions against a target or carbon emissions cap. It seems appropriate that companies undertaking this action should have allocated to them the value of these credits, this value being determined by the price of carbon and the emissions trading scheme. Of course, offsets must meet high quality, international standards such as the Voluntary Carbon Standard or Gold Standard.

2. Proposal to provide credit for carbon offsets

If Australia sets a target for its greenhouse emissions, then emissions that are offset should not be counted towards this target. To achieve this, credit needs to be given to carbon offsets.

This will become increasingly important as more businesses become "carbon neutral" through the use of offsets both in Australia and overseas.

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To ensure the integrity of the system, only offsets that meet international standards, such as the Gold Standard or the Voluntary Carbon Standard of The Climate Group, should be recognised.

This proposal would provide an increased incentive for all business to offset emissions.

3. An efficient national reporting framework

Eliminate duplication of reporting on energy use and carbon emissions both Federally, and at State level, increases efficiency and reduces costs to the community and industry.

Large companies are now submitting several reports on greenhouse performance. In News Limited's case, we expect a minimum of 6 such reports to be required to meet both voluntary and compulsory reporting requirements next year, four of these are to satisfy State and Federal legal obligations. This drains significant resources which may otherwise be more effectively used to improve energy efficiency.

4. Exclusion of renewable energy from threshold calculations

The proposed emission trading scheme aims to reduce greenhouse gas emissions but it has the potential to go a step further and be the catalyst for some businesses to embrace renewable energy for that energy use that they cannot eliminate. As proposed in the NGER, and as required under the EEO Act, if a reporting company installs its own renewable energy generating capacity, or uses renewable energy, this energy must be reported. Some businesses would be encouraged to use renewable energy if its use was excluded from burden of reporting requirements. Particularly so if an investment in renewable energy allowed them to fall below the NGER and EEO Act reporting thresholds. The reward of less administration for use of renewable energy would be a powerful incentive.

Should you wish to discuss any of these points in further detail, please do not hesitate to contact me on either of the numbers listed below.

Kind regards



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