



Emissions trading where it counts

A good scheme must be fair to low-income families,
write **Don Henry, Andrew Johnson and Peter Kell.**

THE report today by the Prime Minister's task group on emissions trading has much to consider.

A well-designed emissions trading scheme must set appropriate targets that will help Australia do its fair share to avoid dangerous climate change and provide adequate investment signals for business. It must help consumers take action to reduce their impact and must protect the interests of low-income and disadvantaged families.

For example, more severe droughts and storms would drive up the price of many basic foods, which will disproportionately affect low-income families. Elderly people are at highest risk of heat stroke, accidents or even death during periods of extreme heat. Not acting on climate change is simply not an option.

Many low-income households already struggle to keep up with energy and water bills. They spend more on household bills as a proportion of their income than Australians who are better off. They are least able to afford the investment, even if subsidised, to improve energy efficiency. One in four households are in private rental or public housing and so do not have the authority to make changes that are offered to home owners.

A key challenge for the Government is to establish policy settings that truly tackle climate change and are fair to families least able to afford price increases.

There are four principles Australia should adopt.

First, we need to ensure fair and appropriate energy pricing. Low-income households that are not in a position to reduce their energy use — because of inefficient rental accommodation, for instance — should not be worse off as a result of new measures to tackle climate change.

Second, substantially more needs to be done to improve energy efficiency for all housing types. This means making sure all new housing and residential developments are built with much stronger building standards, providing quality information for building performance audits, devising innovative financing arrangements to facilitate retrofits for all homes etc.

Third, we need to substantially improve the efficiency of appliances and other consumer goods. This can be done through refining and extending energy labelling and minimum performance standards for a wider range of appliances, and by having a regular review of standards and labelling.

Fourth, substantial refinements are needed to vastly improve the fuel efficiency of motor vehicles, and provide adequate funding and access to public transport.

Many of the measures that will help consumers become more energy efficient will pay for themselves in an acceptable time frame. The National Framework on Energy Efficiency estimates that we could reduce our energy use by as much as 30 per cent by using existing cost-effective technologies. This would have immediate econ-

omic benefits, be paid back in an average of four years, and create more than 9000 new jobs.

And many of these water- and energy-efficient technologies are already available, and could improve our quality of life. Backed by the right policy settings, a retrofitted, energy-efficient home could halve its energy costs. The total energy bill for an average retrofitted home would decrease or remain the same at any carbon price up to \$123 a tonne by 2030.

The Australian Conservation Foundation, CHOICE and the Australian Council of Social Service have come together to call for strong action to prevent dangerous climate change, and identify and promote measures to reduce the impact of climate change on consumers, especially low-income and disadvantaged consumers. The groups will soon release an analysis of the potential benefits of energy efficiency as a response to climate change.

In responding to the advice of the emissions trading task group, the Government has a great opportunity to set Australia on a path that will see us do our part to avoid dangerous climate change, reap the rewards of energy efficiency and help consumers reduce their impact on the planet, without suffering hardship.

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