



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

SOUND BASIS FOR NATIONAL DEBATE – DRAFT ENERGY WHITE PAPER

STATEMENT BY MCA ACTING CEO – BRENDAN PEARSON

The draft Energy White Paper released today provides a sound basis for a much-needed national debate about the future of energy policy.

The draft White Paper recognises the fundamental role that coal and uranium will continue to play in Australia's export profile over the next three decades, points to the importance of policy neutrality and vibrant markets in energy policy, proposes a regular review process to monitor the impact of policy measures and recommends the streamlining or removal of costly and ineffective 'non-complementary' measures adopted by Federal, State and Territory Governments.

Importantly, the draft paper also canvasses the prospect that a future Australian Government may need to adopt nuclear energy in order to meet emissions reductions targets.

In addition to the above, there are also a number of areas on which the minerals sector will focus during the consultation period over coming months.

There continues to be contradictions in the Government's efforts to sponsor the development of clean energy technologies. On the one hand the Government emphasises the importance of limiting policy intervention in energy markets, then arbitrarily excludes Carbon Capture and Storage from more than 75 per cent of the \$17.5 billion in programs in place to develop clean energy technologies. This is despite the fact that Australia is the world's largest coal exporter and that the chief economist of the International Energy Agency, Dr Fatih Birol, said only yesterday that the deployment of CCS would be an indispensable element in reaching global emissions reductions targets.

It is also unfortunate that the Energy White Paper process has been pre-empted by decisions on carbon pricing and a Renewable Energy Target that contradict sound energy policy, and that will undermine, not underpin the competitiveness of Australia's energy export sectors.

The Durban meeting's postponement of global climate action until 2020 at the earliest and today's announcement by Canada to withdraw from the Kyoto Protocol further highlight the folly of Australia's plan to adopt the world's biggest carbon tax years ahead of most of our trading partners and competitors.

Finally, the draft White Paper curiously states that the proposed carbon market provides the Government with "the ability to calibrate settings to ensure that the economic cost of action remains tolerable". It is difficult to see how the fixed carbon tax can be 'calibrated', particularly when the prevailing price in the only other international carbon pricing scheme (EU ETS) is about one-third of the \$23 opening price of the Australian scheme.

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