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Carbon Pollution Reduction Scheme legislation exposure drafts

The Government released the [exposure draft of the Carbon Pollution Reduction Scheme legislation](#) on 10 March 2009. The Carbon Pollution Reduction Scheme is intended to be the primary tool for driving reductions of greenhouse gas emissions in Australia. The legislation follows on from the Green Paper released in July 2008 and the White Paper released in December 2008.

The package includes the exposure drafts of, and commentary on, the following three main bills:

- Carbon Pollution Reduction Scheme Bill 2009
- Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009
- Australian Climate Change Regulatory Authority Bill 2009.

While most of the proposed legislation will commence 28 days after Royal Assent, entities will be liable under the Carbon Pollution Reduction Scheme from 1 July 2010.

Changes proposed by the Bills

The Carbon Pollution Reduction Scheme Bill 2009 contains detailed provisions relating to the emissions trading scheme, including those dealing with:

- setting scheme caps by regulations
- entities and emissions that are covered by the scheme
- obligations of liable entities to surrender emissions units
- the issuing and allocation of Australian emissions units (including by auctions)
- the recognition of units issued under the Kyoto Protocol
- assistance in relation to emissions-intensive trade-exposed activities and coal-fired electricity generators
- voluntary inclusion of reforestation activities
- penalties for non-compliance and enforcement mechanisms.

The Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 effects some necessary consequential amendments; in particular, amendments to the existing *National Greenhouse and Energy Reporting Act 2007* that will provide the basis for emissions reporting required under the scheme.

The Australian Climate Change Regulatory Authority Bill 2009 establishes a new regulatory authority to administer the new scheme as well as the existing National Greenhouse and Energy Reporting scheme and the renewable energy target under the *Renewable Energy (Electricity) Act 2000*.

What does this mean for Commonwealth agencies?

The proposed legislation will generally apply to Commonwealth agencies in the same way as other entities. The most likely application of obligations to any Commonwealth agency will be:

- where the greenhouse gases emitted from the operation of a facility by the agency have a carbon dioxide equivalence of 25,000 tonnes or more per year
- if the agency is a large user of a particular type of fossil fuel (other than petroleum liquid fuels).

Next steps

Public submissions on the exposure draft close on 14 April 2009. The exposure draft legislation has also been referred to the Senate Standing Committee on Economics for consideration.

AGS has been assisting the Department of Climate Change with the development of the draft legislation.

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