



Media Release

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Enough of the bleating. Its time the LNG industry paid the true cost of carbon emissions

The Liquefied Natural Gas (LNG) industry should not be compensated with free carbon emissions permits when an emissions trading scheme (ETS) is introduced by the Rudd Government in 2010, Environs Kimberley said today.

Since the release last week of the Government's *Green Paper* on the introduction of an ETS, major LNG exporters have been very publicly calling on the Government to protect their industry from any increased costs associated with the scheme. Woodside Chief Executive Don Voelte has said that his company would have to reassess whether to invest in major projects, such as the Kimberley Browse Basin proposal, given that its overseas competitors do not yet incur similar costs (<http://www.abc.net.au/news/stories/2008/07/18/2307156.htm>).

Environs Kimberley spokesperson, Dr Gary Scott said: "This sounds all too familiar. When the Howard Government first proposed an ETS in 2000, the LNG industry and other fossil fuel lobbyists made exactly the same arguments about losing out to overseas competitors. To the former Government's shame it backed down completely in the face of this pressure and an ETS was put on ice for more than 5 years".

"History should *not* be allowed to repeat itself", said Dr Scott.

Indeed the Garnaut Review Draft Report (June 2008) had already pointed out the inherent flaw in Woodside Chief Executive Don Voelte's main argument:

"He (Voelte) neglected to mention that differences in royalty and taxation regimes at the margin between Australia and major competitors gave Australia a competitive advantage many times as large as any negative effects of a carbon price, for as far into the future as we can see" (p321).

"The LNG industry has been free-riding on the environment for decades and now has the gall to ask for free permits to continue to pollute", said Dr Scott. "The Rudd Government should not cave in to unreasonable industry demands as its predecessors did. One of the consequences of handing out free permits to LNG exporters would be that less government revenue is generated by the ETS to then invest in renewable energy solutions to climate change".

"It is also highly disappointing to hear WA Premier Alan Carpenter immediately jumping to the defence of the industry and asking for a lowering of the threshold at which free permits are allocated" <http://www.thewest.com.au/default.aspx?MenuID=77&ContentID=85949>. "The Premier ought to be out there talking up the potential benefits of an ETS for the struggling renewable energy sector, rather than seeking to prop up the profits of some of Australia's largest emitters", concluded Dr Scott.

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