

Low Emission Technology Australia Applauds Productivity Commission's Trade and Assistance Review 2021-22

The Productivity Commission's Trade and Assistance Review (TAR) 2021-22, has shed light on several critical aspects of the efficiency and effectiveness of Australia's abatement measures and their implications for the nation's carbon reduction efforts.

The TAR report highlights that many of Australia's hotchpotch of sectoral abatement measures can confer disproportionate advantages on certain high-cost emission reduction activities, leading to increased costs for taxpayers.

The report raises concerns about the effectiveness of such policies and the necessity to assess them against their potential contribution to national emissions reduction goals. Low Emission Technology Australia (LETA) believes it is essential to prioritise credible and cost-effective abatement options, which will enable Australia to achieve its emissions reduction targets efficiently.

"We agree with the Productivity Commission that the Government needs to focus on leveling the playing field for all technologies, not just picking winners," said LETA CEO, Mark McCallum.

"The TAR provides a clear roadmap for the Government to do this. It identifies a number of policies that should be reconsidered, as the Commission finds they are not effective at reducing emissions and are simply providing industry assistance.

"The Government should focus on supporting technologies that are ready to deploy now, such as carbon capture and storage (CCS). CCS offers Australia an opportunity to leverage our long established and enduring competitive advantage in our abundant natural resources, as well as create jobs and export opportunities in the clean energy sector.

"The renewables sector undoubtedly plays a pivotal role in our efforts to combat climate change. However, it is essential to strike a balance that encourages innovation and competition across all low emission technologies. Over-reliance on specific sectors may divert resources away from potentially more productive ventures that could yield higher job creation and more substantial emissions reduction.

"Importantly, the Commission has again reminded policymakers:

Each dollar spent on subsidising domestic production capacity in non-comparative advantage sectors is a dollar taken away from sectors in which we enjoy a comparative advantage.

"By strategically investing in CCS, Australia can play a pivotal role in driving global emissions reductions while fostering innovation and economic growth domestically."

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LETA

Low Emission Technology Australia

In response to the TAR report, LETA recommends distinguishing between climate policy and industry assistance through a set of criteria:

- Ensuring support is provided to all emissions reduction technologies, avoiding selective preferences when market failures are not evident.
- Ensuring transitional assistance packages are made accessible to all climate-affected sectors and regions without discrimination.

LETA acknowledges the historical government support for CCS projects. However, despite recent funding withdrawals, these projects continue to progress, highlighting the industry's commitment to investing in emission reduction.

It is paramount that the Government focuses on creating a level playing field for all technologies. By embracing a technology-neutral approach, Australia can foster innovation, competitiveness, and sustainability of our industrial sectors while unlocking the full potential of various low emission technologies and playing to our nations strengths.

LETA looks forward to engaging with the Government, policymakers, and industry stakeholders to promote a fair and balanced approach to emissions reduction measures and build a more prosperous future for Australia.

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