

MEDIA BRIEF

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Using carbon trading revenue to improve human and environmental health

Significant momentum for climate action has built in the USA over recent weeks, with the US House of Representatives passing the *American Clean Energy and Security Act (ACES)*, the US equivalent of Australia's Carbon Pollution Reduction Scheme (CPRS). The CPRS will be debated in the Australian Senate during the week starting 10 August 2009.

Climate change is detrimental to the health of people and natural environment

Greenhouse gas emissions are causing changes to the Earth's climate and threaten natural life support systems and human health. The Federal Government's National Health and Hospitals Reform Commission reported in July 2009 that health will suffer from rising ambient temperature and climate variability. "Climate-related thermal stress, microbial proliferations, vector borne infections, impaired nutrition, and poverty are all possible consequences of the accumulation of greenhouse gases at the Earth's surface," it said.¹

One third of our population lives in regional and remote areas. These seven million Australians are at greater risk than urban populations of poorer health status, shorter lives, higher rates of accident and injury, greater levels of illness and lower rates of certain medical treatment.² Climate change will exacerbate existing inequities between urban and rural health services.

Iconic Australian ecosystems such as the Murray and Darling River Systems, the Great Barrier Reef and Kakadu are all under threat from the climate crisis. In the Murray Darling Basin more than 80 per cent of waterbirds and around 90 per cent of floodplain wetlands have already been lost. Sea-level rise from warming oceans would destroy Kakadu's wetlands. In 2002 unusually warm temperatures resulted in the bleaching more than 60 per cent of the Great Barrier Reef's corals and jeopardised one of Australia's great natural wonders and tourist attractions. But if Australia's native forests, rangelands and savannahs, that cover 70 per cent of the continent, are cared for they could draw down about half of Australia's annual greenhouse gas emissions.

How does Australia's Carbon Pollution Reduction Scheme treat the impacts of climate change on human health and the environment compared to similar legislation in the United States?³

The current design of Australia's CPRS ignores the impacts of climate change on the health of people and the environment. In contrast, the *American Clean Energy and Security Act (ACES)* sets

¹ Final Report of the Health and Hospitals Reform Commission, June 2009, p.65

² Final Report of the Health and Hospitals Reform Commission, June 2009, p. 54

³ US House of Representatives Committee on Energy and Commerce Summary, see

http://energycommerce.house.gov/Press_111/20090602/hr2454_reported_summary.pdf

See also NWF Climate Action Toolbox: An Assessment of the Waxman-Markey American Clean Energy and Security Act, available at: http://online.nwf.org/site/DocServer/ACES_Toolbox_Analysis_by_NWF_Final_6-15-09.pdf?docID=9801

aside some of the revenue created an emissions trading scheme to help protect human health and the natural environment.

	United States, ACES	Australia, CPRS
Building the resilience of the environment	1% of permits (rising over time to 4%) to safeguard US natural resources from global warming impacts)	No funding from CPRS permit revenue to build resilience or adapt to climate change
Building the resilience of public health	0.1% of permits (approx US\$70-130 million annually) to prepare and respond to impacts of climate change on human health.	No funding from CPRS to prepare or respond to impacts of climate change on human health.

According to US National Wildlife Federation, ACES devotes 76 per cent of allowances to “clean, green, and fair” purposes from 2012- 2030, increasing to more than 90 per cent of allowances each year by 2050. In Australia, approximately 45 per cent of permit revenue goes to these purposes. Under an emissions trading scheme, funds can flow to particular sectors or purposes by:

- Permits being allocated directly to key sectors or particular purposes (so they can then be re-sold to emitters). This is the main approach under ACES.
- Permits being auctioned by the Government and the revenue is then required to be spent on key sectors or purposes. This is the main approach under the CPRS.

In the United States two funds have been created to hold and distribute emissions revenue that has been earmarked for building the resilience of the public health system and the environment to climate change. Australia should do the same.

What happens to emissions trading revenue under the current CPRS?

Under the current CPRS, Australia’s biggest greenhouse polluters will receive corporate welfare totalling \$16.5 billion. This blow-out is due to the Federal Government delaying the introduction of the CPRS and handing out up to 95 per cent of their carbon permits for free.

Isn’t all the revenue from the CPRS already allocated?

The Federal Government has already decided where revenue from the CPRS will go. ACF and the NRHA want the Federal Government to reconsider its revenue allocation.

ACF and the NRHA want 10 per cent of revenue allocated to a Biodiversity and Climate Change Fund and an additional 10 per cent allocated to a National Rural Public Health Fund. Under this proposal in the first two years of a CPRS operating \$1.8 billion would be made available to both funds.

For this proposal to work, revenue currently allocated to emissions intensive industries would need to be reduced and funds earmarked to assist households could contribute to the National Public Health Fund.

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