

20 April 2011

The Hon Julia Gillard MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Business
Council of
Australia

Dear Prime Minister

Thank you for your letter of 19 April 2011.



The BCA remains committed to working constructively with your government to design a policy to put a price on greenhouse gas emissions which works for the Australian economy. In respect of your specific questions, I can advise as follows:

1. Australia's Emissions Reduction Target

The BCA recognises that setting emissions reduction targets is a role for government and acknowledges that both the government and the Coalition have committed to a greenhouse gas emissions reduction target of 5% on 2000 levels by 2020. In light of the target, what is now important is to ensure the design of a workable policy to achieve this target.

2. Market-Based Mechanisms

The BCA supports a market-based mechanism as part of a multifaceted approach to achieving the greenhouse gas emissions reduction target. A well-designed market-based mechanism will support the reduction of greenhouse gas emissions at the lowest cost to the economy. The BCA has worked closely with government over a number of years to assist in designing a market-based mechanism that would achieve an appropriate outcome for business, the environment and the wider community having regard to what is happening in the international community.

As I have already indicated, the BCA will support policies to reduce Australia's greenhouse gas emissions where the environmental benefit is clear, the competitiveness of Australia's exporters is not diminished in the absence of a transparent 'carbon' price by competitors, and the transition to a less emissions-intensive electricity supply follows a planned approach and maintains a climate for investment and innovation in the electricity sector.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graham Bradley', with a long, sweeping underline.

Graham Bradley
President