

To Senators on the Senate Select Committee on Climate Policy,

Emissions trading is one of many important tools the government can use to reduce Australia's emissions. By setting a strong target and sending a price signal to the market, a well-designed scheme should help dramatically reduce Australia's emissions at the least cost to the economy and make sure Australia does its fair share to tackle climate change.

However, a badly designed emissions trading scheme will prevent the economic transformation Australia needs, at a cost to both the economy and the environment.

As it stands, the Carbon Pollution Reduction Scheme (CPRS) proposed by the Government is a badly designed scheme that will be worse than useless. Its key flaws include an unacceptably weak target, and a design which over-compensates polluters at the expense of the community and environment.

TARGETS

The CPRS target is to reduce Australia's carbon emissions to 5% below 2000 levels by 2020. That effort, if followed by the rest of the world, is a recipe for climate catastrophe. Far from the Rudd Government's goal, as stated in the legislation, of seeing global atmospheric concentrations of greenhouse gases stabilise at 450 parts per million, it will send the world past 550 ppm and trigger unstoppable feed-back loops. Scientists agree that developed countries like Australia need to reduce their emissions by between 25 and 40 per cent by 2020 if we are to avoid runaway climate change. Clearly, the target range of 5-15% is unacceptably low and must be urgently reviewed.

POLLUTER PAYS

The CPRS as it stands is a pay-the-polluter scheme, not a polluter-pays scheme. By providing Australia's worst polluters with billions of dollars of compensation in cash and free permits to pollute, the CPRS will protect the profits of Australia's worst climate offenders at the expense of clean industries.

It also unfairly transfers the cost of reducing emissions to industries with less lobbying power and to the community at large. Every dollar of compensation that goes to polluters is a dollar less to assist householders and clean industries.

VOLUNTARY REDUCTIONS

In addition to setting such a weak 5% target, the CPRS also fails to take into account voluntary emission reductions from the community. The efforts of everyone from householders to State Governments to reduce emissions will be helpful only in reducing the price pressure on polluters. This must be fixed by taking account of community action and all the policies already in place when setting the scheme caps, and using the scheme to drive more ambitious efforts.

COMPLEMENTARY MEASURES

An emissions trading scheme is just one of the tools the federal government can use to reduce Australia's greenhouse gas emissions. But there are other tools in its toolbox, such as a mandatory renewable energy target, a renewable energy feed-in tariff, energy efficiency standards for homes and commercial buildings, fuel efficiency standards and investment in trains, buses and trams. Ending the logging of Australia's native forests would reduce Australia's

emissions by substantially more than 5%. All these policies should be pursued regardless of the CPRS.

CERTAINTY

One of the key problems with setting a weak target is that the only certainty business has is that it will need to be changed. Business needs long-term investment horizons in order to make multi-billion dollar decisions. A target of 5% by 2020 set now is likely to lead to many bad investment decisions being made, as business invests in 'low pollution' infrastructure which, in only a few years, will need to be moth-balled, dropped as sunk costs and replaced with zero emissions alternatives. Setting an ambitious, science-based target now will avoid these costly mistakes by putting us on the right path from the outset.

People often think that any action to reduce emissions, even by as little as 5%, will reduce the risk of climate change. In fact we know that there are tipping points in Earth's systems which, if breached, will send our climate spinning out of control with catastrophic consequences for all of us.

If we are to have a reasonable chance of preventing runaway climate change, we must make every effort to avoid these tipping points. That means high-polluting countries like Australia moving towards carbon neutrality as fast as possible, with cuts of at least 40% by 2020.

Please look at the science of this situation, not the politics. Listen to the experts who offer their advice to you during this inquiry, listen to the people of Australia and make the right decision in your recommendations.

Climate Change Minister Penny Wong has described the CPRS as 'better than nothing', but she is wrong. It is worse than useless.

Australia needs a strong, ambitious and fair emissions trading scheme, not a plan that protects polluters and stands in the way of the change we need.