

Dear Senate Select Committee on Climate Policy

Submission

Action on climate change would be more effective and far simpler with an international carbon tax regime. 'Cap and trade' schemes, like the proposed CPRS, tend to be rife with costly concessions to the large polluters, and are above all, highly complex. A carbon tax is the simplest method to alter behaviour in the market, and also creates a pool of resources with which to pay for climate change action.

To be workable, a carbon tax regime would require the following features.

- A carbon tax will need to be *global*, in order to prevent industries moving to non-signatory countries, which tends to discourage all action.
- Therefore, to secure widest possible agreement, the initial carbon tax rate should be quite *low*. Perhaps US\$10 per tonne to start with, in order to secure agreement.
- Countries ought only pay the tax after exceeding a *per capita* based allowance. This approach would give large population developing countries like China and India an equalising advantage - which corrects for 'historical' emissions. It would also keep genuinely low emission countries unburdened.
- Funds accrued should be administered by a new international trust developed under a **Law of the Sea style multilateral treaty**. Multilateral treaties are normally more effective than general UN action, as they are more evidently the product of deliberate and sovereign acts of accession by member nations.
- Funds accrued could then also be used to *fund/ subsidise technology transfers* to less developed nations. This would maintain the vital element of profit-incentive to developers of cleaner technology, while making the actual transfers of technology affordable.

Australia's support for the adoption of such a position would be a key step in the right direction.

Yours Sincerely

Dr Michael Leach