

To: Senate Select Committee on Climate Policy

Carbon Pollution Reduction Scheme (CPRS)

The CPRS as currently proposed by the government has a number of key flaws which need to be addressed. In this submission I will summarise these flaws.

Flaw No. 1 – Unacceptably weak targets

The CPRS in its present form has a carbon emission reduction target of 5% below 2000 levels by 2020. If this target is followed by the World community, this will result in catastrophic climate change. Australia is morally obliged to increase this target somewhere between 25% and 40%. This will send a signal to all countries that Australia takes climate change as a very serious problem, and will encourage other nations to set comparable targets.

Flaw No. 2 – Over-compensation to polluters

The CPRS as it presently stands is as if the government had announced a new tax on cigarettes, but exempted smokers from paying. The government's plan to compensate some of the biggest polluters should be abolished. This plan unfairly transfers the cost of reducing emissions to industries with less power to lobby, and also to the community.

Flaw No. 3 – Failure to provide incentive for voluntary reductions

The CPRS in its present form totally removes any incentive for individuals to actively reduce their emissions (for example, by installing solar panels), as by doing so they will simply make it easier for polluting industries to increase their emissions. Individual actions should lower emissions, not lower carbon prices.

Flaw No. 4 – Weak targets create uncertainty

In setting a weak target, business will recognise that that target will inevitably need to be increased. For long-term investments we need to be setting the right science-based targets which business will acknowledge as suitable for long-term planning.

Flaw No. 5 – No incentives for expansion of the renewable energy industry

In addition to a well-designed CPRS, Australia needs incentives to expand its fledgling renewable energy industry. What about a renewable energy feed-in tariff? What about ending the logging of native forests? What about setting fuel efficiency standards? What about setting energy efficiency standards for buildings? Why not consider other measures in addition to a well-designed CPRS? Such measures will reduce Australia's carbon emissions, but it is essential that Flaw No. 3 needs to be addressed first, otherwise these measures will simply help polluters.

A lot more could be said about the CPRS. But the most damning comment has come from the government's own advisor (Prof. Ross Garnaut), who said: "Never in the history of Australian public finance has so much been given, without public purpose, by so many, to so few."

Name: David Nash