

To Senators on the Senate Select Committee on Climate Policy,

We have seen in the last year how badly markets can go wrong. Our only experience with emissions trading (in Europe) has been a poor result due to manipulation of design by those with most concentrated power.

I propose that we combine the scope of the ETS with the Henry Tax Review. There are plenty of "bads" that should be taxed (including excessive greenhouse gas emissions). We have an opportunity to change our tax base to tax the "bad" and reduce tax on the "good" (such as employment).

A carbon tax has the advantage of being recompensable at the boarder for exports, and applicable to imports. Thus preventing "carbon leakage".

I strongly disagree with rewarding the biggest polluters with free permits to pollute. This alone renders the current CPRS an unjust travesty.

However the most outrageous flaw in the CPRS is the woeful 5% and 15% reduction targets. The upper limit of 15% undermines the global effort for a 25%-40% target. And is unfair to responsible governments who have already committed to reductions in excess of 20%. In this action Australia is putting an appropriate global agreement in peril.

Even the "go it alone" target of 5% is inappropriate given that Australia is the worst percapita polluter in the world.

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