

To Senators on the Senate Select Committee on Climate Policy,

The Carbon Pollution Reduction Scheme (CPRS) proposed by the Government is a badly designed cap and trade emissions scheme with an unacceptably weak target, and a design that over-compensates polluters at the expense of the community, the economy, and environment. A growing economy down the road will need new focal points for public and private investment. Infrastructure and energy are clearly the great challenges ahead: infrastructure because this vital contributor to efficiency and competitiveness has been severely neglected for decades, and energy because of the danger of climate change. Business demands a long term planning framework in which to thrive. Therefore, setting an ambitious, science-based target now will help us to avoid costly mistakes by putting us on a better path.

The CPRS can not lead to substantial carbon reductions. Instead, it would prevent the economic transformation Australia needs. In its place, strong emissions reduction targets can send a price signal to the market and set the scene for change by harnessing synergy among complimentary tools including a carbon tax, mandatory renewable energy targets, and other tools such as renewable energy feed-in tariffs, energy efficiency standards for homes and buildings, fuel efficiency standards and a public transportation overhaul.

We need a comprehensive range of greenhouse gas reduction strategies which use both 'carrot' and 'stick'. The carrot of carbon trading/offsetting should reward all the ways in which we can reduce our carbon footprint everyday. The CPRS fails to take into account voluntary emission reductions from the community and industry. 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. The stick (a carbon tax) is also needed in order to force dinosaurs (including business, government and local communities) to change (or become extinct).

#### EMISSIONS TRADING IS A TRICKY BUSINESS

In order for emissions traders to offer carbon reductions, offsetters have to demonstrate that their project has makes a new vital contribution towards limiting emissions compared with what would have occurred in any case. Who is to say that individuals and corporations aren't going to make pollution improvements without additional subsidies? Offsets are currently offered with a wide range in price, indicative of the complexity of environmental accounting. To offset a ton of carbon dioxide, costs range from about 65 to 15 dollars. Is it better to pay more or less for offsets? It isn't easy to know, even for the experts. In the case of tree planting, the costs to maintain a plantation (over, say 100 years) and the benefits weighed against other possible options (For example, planting tropical trees offsets more warming than trees planted in cooler climates.) Another pitfall to watch out for is the practice of planting new trees to replace old ones – it may seem a snappy campaign saying 'Look what we are planting!', but if Australia continues to ravish its wealth of carbon neutral ecosystems with unsuitable crops and thirsty plantations, we can hardly count that as good news.

The CPRS as is 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.

Australians know and understand, perhaps more than people of other developed nations, the fragile tipping points in the capacity of our lands and waters to support our continued growth. Earth's climate system, whilst more complex than any single tipping component (as it includes water, soils, and biological communities) has these irreversible tipping points. If the inefficient use of

energy by developed nations is copied by the Earth's most populous nations, then climate catastrophe becomes our certain future.

If we are to have a reasonable chance of preventing catastrophic climate change, we must listen to the scientists who offer their advice to you during this inquiry, and listen to the people of Australia to make a good decision in your recommendations.

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.

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