

To Senators on the Senate Select Committee on Climate Policy,

I urge you to reject the CPRS as it stands. A well designed emissions trading scheme could work to reduce carbon pollution, but the cprs is not that.

The scientific evidence is clear that the world needs to reduce its carbon emissions by at least 60% by 2050 to avoid dangerous climate change.. In fact the latest science is telling us that that is not enough if we want to be fairly certain of having a safe climate. A 60% reduction by 2050 is likely to only stabilise carbon levels in the atmosphere at around 450 parts per million (ppm). This gives us a 50-50 chance of keeping warming to 2 degrees or less.

The latest science tells us that to ensure a safe climate: to keep the arctic frozen and 'to not go beyond the point of no return' we should aim for a temperature increase of only 0.5 degrees above pre-industrial levels – which means cooling the planet from where it is now. That means stabilising carbon levels in the atmosphere at 300 -350 ppm – ie taking carbon out of the atmosphere given we are currently at 386 ppm, (and increasing by 2 ppm each year).

If we are aiming to stabilise atmospheric carbon at 450 ppm the world needs to reduce its carbon emissions by at least 60% by 2050. But in Australia we emit much more than the world average per head of population .For us to do our fair share we need to reduce our emissions by 90% or more by 2050. To be on our way there that means a reduction of 25-40% by 2020.

If we are aiming for 300ppm and a safe climate, we need to be beyond zero emissions by 2050, and well on the way there by 2020– say at least a 50% reduction.

In contrast to the need to reduce carbon pollution by 25-50% by 2020, the Rudd CPRS only aims for a 5-15% reduction.

In summary I see ten big problems with the CPRS:

1. The target is a killer

If adopted globally, a 5%-15% target by 2020 would guarantee the loss of the Great Barrier Reef and the Kakadu wetlands. It would set us on the path for the irreversible melting of the Greenland ice sheet, leading to an eventual rise in sea levels of 6-7 metres, and wiping out the homes of billions of people around the world. By ruling out reductions larger than 15%, Australia is ruling out its participation in an equitable international agreement that avoids dangerous climate change.

2 The target is locked in for 5 years in order to give certainty to industry, but this means it cannot increase as the science indicates it must.

3. And all voluntary action is included within the 5% instead of in addition to it

Any actions the community takes to reduce emissions – by insulating our homes, putting in solar panels etc– will not be counted on top of any reduction industry makes – they will occur instead of industry reductions. If the community reduces the demand for electricity from coal fired power stations that will mean that the power station won't need as many permits because they won't need to burn as much brown coal.

So those permits are freed up for the power station to sell. The power station can sell them off to Alcoa for example to allow them to pollute more. And if the community does a really good job, then the permits will be really cheap, so they'll be allowed to pollute more and it will hardly cost them anything. Essentially the CPRS is actually a carbon pollution transfer scheme. we will be paying thousands of dollars to make life easier for Alcoa.

4. Pollution permits are defined as property rights rather than allowances

If the government were to increase the emissions reduction target at a later date, taxpayers would be forced to compensate industry, leading to a significant burden on the Australian economy.

5. Free permits are given to the polluters

Dirty industries such as coal-fired power stations are being offered 25%-45% of permits for free. The list of “emissions intensive trade exposed” industries that will receive free permits is growing. This completely defeats the “market mechanism” of an ETS, which is that rising costs to polluters act as an incentive to shift to less polluting industries. \$3.9 billion is also being given to the coal-fired electricity generation industry, because it’s a “strongly affected industry”.

6. Polluters can ‘offset’ pollution overseas

The scheme allows companies to buy permits from overseas, so even though there are only permits issued in Australia for 95% of today’s emissions, nothing has to change if the big polluters go out and buy carbon credits from Indonesia say. Australian big business buys credits based on protecting some rainforest instead of logging it, and keeps on polluting as much as it likes. There is also evidence that some current offset projects are extremely dubious and do not reduce greenhouse gases but perversely result in a net increase in greenhouse gas emissions.- for example first logging intact forest then claiming a carbon credit for establishing a plantation.

Plus if we are to have a safe climate we need to both protect the forests of the world and reduce emissions – not one instead of the other.

7. There is a price cap on pollution permits.

The CPRS proposes a price cap on pollution permits of \$40/tonne. Emissions trading schemes depend on supply and demand determining the price of carbon. If an arbitrary maximum price is set, carbon will be sold too cheaply and defeat the purpose of the ETS.

This price cap also means that if the market price of carbon were to rise above \$40/tonne, in order to push the price back down, the Government would have to loosen the scheme making the scheme completely useless.

8. Big polluters can buy now, use later

The big polluters are given the opportunity to buy permits now (when the price is likely to be low or free) but use them later — in effect, delaying cuts in pollution and the required changes to a low carbon economy for as long as possible.

9. The CPRS encourages reforestation, but also deforestation

Land clearing and logging of native forests have significant impacts on emissions — the “lungs of the Earth”. But the CPRS doesn’t count the carbon benefits of native forests. It does however count the carbon stored in plantations – which means it will be more profitable to manage plantations as “carbon sinks” than use them for wood — and increase the demand for native forest logging which won’t need any permits!

10. People not the polluters have to pay

The public is already being warned of increases in electricity, transport and general living costs passed on to the consumer. The scheme will effectively be another tax on ordinary people while, business-as-usual is allowed to continue. There is no incentive for industry to change if it is given free permits and also allowed to pass on the costs to the consumer.

I would like to appear as a witness before the committee.

Yours sincerely

Janet Rice