

Dear Secretariat,

I welcome the opportunity to make a submission to the Senate Select Committee on Climate Policy. I will address only some of the terms of reference:

1 (a) Emissions trading as central to reducing Australia's carbon pollution.

Reducing Australia's per capita carbon emissions was a reason I voted for this Government. Kevin Rudd promised a blueprint for reducing emissions at home.

I support the concept of an emissions trading system- to reduce Australia's carbon pollution, in Australia, and to reduce carbon pollution globally.

Companies shouldn't feel threatened, provided they recognise that carbon emissions are a cost: adjusting to the demands of the market is what business does. A market-based way of reducing carbon emissions fits with business and market forces. The trading of emissions globally should over time reduce the financial attraction of carbon-emitting energy sources.

REDUCTION OF CARBON EMISSIONS ?

I would submit that under the Government's proposed trading emissions scheme, Australia's actual emissions will not be reduced.

What will happen is that our emissions *allocation* will be reduced, but not our actual emissions. According to Treasury modelling of the proposed scheme, Australia's emissions which were

418 m tonnes	1990, have grown to
575 m tonnes	2009, projected to be
560 m tonnes	2020, but receding to
418 m tonnes	2050

Reducing Australia's carbon emission - at home, in Australia - was what Kevin Rudd promised before his election in 2007, but the Carbon Pollution Reduction Scheme as proposed will not deliver that.

I support the concept of an emissions trading system - but as a way of reducing Australia's carbon pollution, as well as contributing to reduced global emissions.

MARKET BASED REDUCTION OF CARBON EMISSIONS

Free permits and compensation each distort a market which is designed to divert commercial activity from polluting industries to renewable energy sources.

I would submit that the market should be free from artificial protection if it is to operate as a market :

- *no free permits,

- *compensation to be for a strictly limited period with a phasing out period stipulated now, and inclusive only of emitting industries.

INTERNATIONAL TRADING

- *no offsets, like reduced land clearance, should be allowed in the

computation of number and price of permits.

At present buying credits from countries reducing their land clearance constitutes an offset to Australia's pollution. It is this which makes Australia's projected score in 2050 look so favourable. By virtue of buying overseas (offsetting) credits like not logging, Australia gains the credits to pollute. Of course this is within the rules of an international system of trading emissions credits. It may even contribute to an over-all, global, reduction in carbon emissions. But it is trading on Australia's small population to enable Australia to continue to pollute domestically at our current rate.

However for Australia, it is not enough to engage in emissions trading which includes trade in non-emissions. I submit that emissions-mitigating activities should not be included in the tradeable emissions credits.

(ii) put in place long-term incentives for investment in clean energy and low-emission technology

An emissions trading system should, by definition, encourage investment in clean energy. However, only if the market is allowed free play. Trading in emissions should make the cost of clean energy industries much more attractive investment prospects than carbon-emitting industries. But if carbon-emitting industries are given free permits or other open-ended forms of protection the market will not play out, and the incentives to invest in renewable energy sources will just not be there.

I submit that incentives for investment in clean energy and low-emission technology are integrally linked with an emissions trading system which is based on an open market, not a protected cottage industry approach.

(iii) contributing to a global solution to climate change

I am aware that Australia as a nation makes a very small contribution to global carbon emissions. Australia has a moral obligation to do more than shelter behind its small population to pollute here while the world perishes.

To reverse climate change Australia must contribute to a global solution. It does that by signing up to Kyoto and beyond. However because Australia's national contribution to global emissions is so small, our most effective contribution is a moral one.

The main value of signing up to reduce global emissions to at least 60% of 1990 levels is to give Australia clout in persuading nations with larger populations and a lower level of economic development to also sign up.

(c) whether the Government's Carbon Pollution Reduction Scheme is environmentally effective in meeting the Government's 2020 and 2050 greenhouse gas emission reduction targets.

I reiterate my submission above that:

I would submit that under the Government's proposed trading emissions scheme, Australia's actual emissions will not meet the Government's 2050 targets - *in Australia*.

What will happen is that our emissions *allocation* will be reduced, but not our actual emissions. According to Treasury modelling of the proposed scheme, Australia's emissions which were

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Reducing Australia's carbon emission - at home, in Australia - was what Kevin Rudd promised before his election in 2007, but the Carbon Pollution Reduction Scheme as proposed will not deliver that.

Thank you for your consideration of my submission.

Jill Greenwell