

Dear Professor Garnaut,

I would like to make the following brief submission to your review of mechanisms to reduce greenhouse gas emission.

If we take up the challenging task of stabilizing atmospheric greenhouse concentrations below dangerous tipping points, then it would be wise to not depend on one carbon reduction-mechanism alone. Multiple mechanisms can run in parallel. Some mechanisms to prohibit or limit certain activity (taxing and prohibition etc.). Other mechanisms to promote activity (subsidies, quota, infrastructure etc). And regulation to enable markets for rationing emissions. There are varying levels of uncertainty with each mechanism, but the most uncertainty in 'real reductions' lie in the shadows behind carbon trading.

Given the scale of risk it is logical to hedge our bets. [I note here that some distortions (caused by parallel mechanisms) are good]. If we were manoeuvred into picking just one mechanism, then carbon trading would potentially be the mechanism most susceptible to [manipulation](#) and perverse outcomes.

I am attaching below a link to, and extract of a New Zealand Treasury paper on manipulation of carbon markets:

<http://www.treasury.govt.nz/publications/research-policy/wp/2005/05-02/14.htm>

Yours Sincerely,

Mark Byrne
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