

Dear Sir/Madam,

Please reply to advise me if you prefer a written copy of this submission for your records.

Since the first two releases of your work on climate change, especially the most recent one, I have noticed in public fora and discussions amongst friends and colleagues a great deal of alarm arising from the vagueness of the warning that energy will become more expensive. I would urge you to put some upper bound figures on this as soon as possible before entrenched interests are able to exploit the fear of the unknown.

First off, the best estimate of carbon capture and storage costs I've read (from the various coal CRCs) suggest that \$45/tonne is a likely cost of implementation. So, that translates to \$0.045/kWh on an electric bill (assuming that utilities are not allowed to mark up the price of electrons on a percentage basis but instead just directly pass on their increased cost of acquiring the power). I currently pay \$0.055/kWh to provide 100% green electricity for my home (2 adults, 2 kids) and it costs me around \$300 annually. For a lot of people, this is not a major impost and these people need to have their minds put at rest that they are looking at sacrificing a carton of wine a year rather than a drastic lifestyle change. The problem with current GreenPower initiatives is that most people appear to be unwilling to spend the extra money if other societal freeloaders don't, even though these same people would happily pay it if it was compulsory for all consumers.

A lot is being made of the need for compensation for people under financial stress. I am concerned about the possibility of direct cash compensation to these people. Will such a policy only perpetuate wasteful practices? I would prefer to see compensation in the form of providing these people with the means to avoid using energy - perhaps rebates for (or direct provision) of energy (and water) efficient appliances. This needs to be complemented by immediate strengthening of building codes such that landlords are obliged to provide at least 5 star household efficiency to their tenants.

Eliminate perverse incentives to waste energy, such as vehicles with novated leases offering substantial tax rewards if only the driver can log 25000 km per annum. I personally know half a dozen or more people who drive an extra 1000-2000 (5-10% of annual mileage) km per year, typically as a gratuitous trip to Sydney, simply because the cost to do so is less than the tax benefit. Personally, I'd like to see the end of tax system distortions such as novated leasing which distort personal choice and behaviours (I shouldn't pay for your car through my taxes, nor should you pay for my computer). I doubt that will ever happen, though, so how about removing the 25000 km threshold in the FBT so that all driving from 5000 - 40000 (pick appropriate values) is taxed at the same rate?

Finally, I think it's about time the coal industry pulls their own weight in the R&D domain. As a research scientist I am alarmed at how effectively a wealthy industry is leveraging public funds. I've reviewed annual reports for coal companies and coal-related CRCs and it appears to me that the taxpayer is picking up something like 60% of the cost of research to benefit an industry with annual profits in

the billions of dollars. Coal mines and coal-based power producers need to start investing in R&D like they are facing an existential threat and thereby free up public funds for other important research.

For the period 2001/7 the total funding for one of the coal CRCs (CRCCSD) breaks down to \$13.2m of private money and \$21.5m of public money (mind you, public overheads are scandalously high for some reason that causes me great angst). This is an appallingly trivial sum to spend over 7 years for companies with annual profits after tax in the hundreds of millions of dollars (e.g. Xstrata \$548.8m in 05/06; Delta electricity \$139.9m in 06/07). Meanwhile, CSIRO is kicking in \$1m a year to this CRC at a time when govt appropriation funding isn't even enough to cover its own salaries plus depreciation of assets.

Sincerely,

Bradford Sherman
Duffy, ACT.