Garnaut Submission - Issue Paper 6 Emissions Trading Scheme

Zero Emission Network

Note this submission replaces our earlier submission on issue paper 6.

Goals based on re-establishing an Arctic Summer Ice

Cap and reduce goals should be based on reducing atmospheric CO2 concentrations to a level which would see the re-establishment of the north polar ice caps. James Hansen in his latest paper "Target Atmospheric CO2: Where Should Humanity Aim?" 2008 claim this level is between 300 and 325 CO2 ppm and must be achieved in decades.

Inclusion

Any emission trading scheme or a carbon cap and reduce system must include all sectors as agriculture and forestry and not just stationary energy and transport.

A carbon price of just $10 a ton would make much of Australia's native forest logging industry economically unviable. According to Dean, C., Roxburgh, S., Mackey, B. G., (2003). Growth modelling of Eucalyptus regnans for carbon accounting at the landscape scale, a E.regans forest looses an average of 400 tons of carbon per ha on the first clear fell event. This would mean a additional cost of $4000 per ha and would make the already subsidised native forest logging industry totally economically unviable.

$10 a ton for carbon is a very low price and we should adopt a price of at least $50 a ton initially with the carbon price rising to hundreds of dollars a ton if we are to meet strong greenhouse gas targets using a carbon pricing system.

Even drier forests that have been managed for wood products have been estimated to have a carbon sequestration potential of 172 ± 31 tC ha-1 according to Roxburgh, S. H., (2003) Assessing the carbon sequestration potential of managed forests: a case study from temperate Australia. This means that the process of managing drier forests commercially has led to the loss of an average 172 tC per ha or if calculated in terms of dollar value a carbon price of $8600 per ha when carbon costed at $50 a ton.

Grandfathering

No grandfathering or allocation of free permits of emission trading permits should be allowed. All emission permits should be auctioned annually.

Rationing

Ideally the any emission trading scheme would be linked to a system of carbon rationing that includes our entire national population. The nationally allowed carbon emissions would be divided between individual use and those available for government and business. Each individual would be given free of charge an allocation of carbon they can use to purchase stationary energy and energy related to personal transport needs, any excess or deficiencies could then be traded on a personal emission market. Those emissions allocated to the government and business sectors would be auctioned annually.

Loans

No loans against future emissions as it distorts the market and enables polluting to continue in the short term.

Revenue

Revenue form the scheme should be returned to the poorest members of our society with a view to offsetting any significant increases in costs and providing them with the funds to implement energy efficiency and reduction measures and fund adaptation measures for extreme weather events. Any excess fund should be allocated to national and regional adaptation and mitigation projects including the resettlement of pacific islanders.

Offsets

The creating of extra emission permits through offsetting should not be allowed either domestically or using

international mechanisms. We should be seeking to encourage each sector to reduce its own emissions rather than reduce emission but utilising a third party. The activities that are sometimes used for offsetting purposes such as avoided deforestation, reafforestation, revegetatoin, energy efficiency improvements in a third party, and renewable energy production are all worth while mitigation measures in their own right and should not be financed by allowing others to continue to pollute.

Closed Boarder Policy

No trading emission permits across boarders.
No export orientated business should be exempt from carbon trading.
Carbon taxes should be levied on important good where the country of origin has no carbon taxes or trading mechanisms. Consideration should be given to partial taxes for international carbon pricing schemes operating in countries exporting to Australia which are weaker that our own (in a context of a global polluter pays principle which acknowledges past pollution and a global per capita emission allowance).

Compensation

No compensation for big polluters as climate change and the global response to it should have been built in to these companies forward planning and risk management. The IPCC was created in 1988 and should have been a clear message that a some point in the future we may have to reduce emissions.