

CLIMATE CHANGE PETITION

FOR GARNAUT CLIMATE CHANGE REVIEW (11.04.08)

Goals to transition to a low Carbon (C) economy:

- low C transport
- low C exports
- low C power
- low C workforce

The emission trading scheme (ETS) is a good start to get CARBON prices into products, but greater incentive is needed to encourage success in low CARBON technology, if we want to do so fast. The ETS is likely to take perhaps some 10-15 years to achieve this.

RECOMMENDATION: Low CARBON Incentive scheme

Principles:

- revenue neutral, so no loss of current government funding
- revenue shared by low carbon producers (50%) and consumers (50%)
- avoid petrol tax, new car tax, or levy on electricity
- prefer broad based consumption tax at 2%, with current GST exemptions
- payments for results, not R&D ie power produced, actual transport, including any vehicles that save 50% carbon over best selling cars eg Toyota Prius

A 2% extra Low CARBON levy on GST would raise \$1 billion / month.

At 2%, funds of around \$1B per month could be raised. Significantly ahead of Victoria's \$200M action plan or Qld \$900M investment in clean coal over ten years.

Each month, receipts would be balanced with payments, so the fastest developers of low C technology were paid, starting a low CARBON development race - a gold rush.

Unspent receipts, would go to other C offset, such as planting trees, a portion could be saved (say 40%) for low C loans to buy solar heating, or fund low C R&D. A small proportion could fund R&D alone (say 20%), and administration (say 5%). Funding could also come from sales of CARBON certificates.

The fund should be spent on:

- low CARBON power (1/3), (such as SOLAR and WIND power)
- low CARBON transport (1/3) and (such as TRAIN, TRAM and ELECTRIC CARS)
- compensation to workers transitioning from high CARBON to low CARBON jobs (1/3).

An incentive to leave high C jobs (say \$10,000 per year of service, payable from fund in month of leaving or pro rata from funds available) and for employers to take on workers from high C jobs (say \$10,000, payable half on hiring, and half on one year anniversary), into low C industries (ie receiving incentive payments).

WOULD YOU SUPPORT:

A) A 2% GST INCREASE TO PAY FOR AND ENCOURAGE CLEAN TRANSPORT AND CLEAN GREEN POWER PRODUCED, OR

B) PETROL / NEW CAR / ELECTRICITY TAX TO ENCOURAGE GREEN POWER AND TRANSPORT DEVELOPMENT.

Have your say online at <http://www.valman.blogspot.com>, and see <http://www.garnautreview.org.au>.

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FOUR PROBLEMS WITH EMISSIONS TRADING SCHEME ENCOURAGING LOW CARBON TECHNOLOGY:

Firstly, the ETS will encourage incremental innovation in power stations, and transfer from coal to gas, however it will not encourage radical or disruptive innovation, which is likely to come from small firms operating outside of the power and car/oil industries. Disruptors who do not hold C certificates have less incentive from the ETS to innovate.

Secondly, disruptive innovation can decrease the value of C certificates, giving certificate holders an incentive to resist such technology to protect the value of their investment in C certificates.

Thirdly, oil companies who purchase certificates, rather than petrol consumers, to keep the ETS simple, are more likely to pass C prices onto consumers, than to create or buy low C technology, which is outside their competencies, and would reduce their profits.

Fourthly, to protect their C lock in, the coal and oil industries have incentive to undermine the processes, and distract funding away from other low C technologies eg QLD \$900M clean coal investments vs \$26M Centre for Low Emission Technology, VIC \$187M Energy technology innovation strategy (including \$103.5M clean coal) vs \$12M for renewable energy support fund.

