

Julian Poulter
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Dear Sir / Madam,

A National Emissions Trading Scheme is essential to solving the problem of carbon emissions. In conjunction with international co-operation and government policies to create binding agreements and micro-level awareness amongst populations, Emissions trading is the cornerstone of reducing the emissions problems of the world.

In relation to the specific system design proposed I have the following comments:

1. The entire schemes credibility depends on what level of carbon permits the government allows. If, as in the European exchange system, more permits are issued than the target emission levels then a price collapse similar to that scheme will result.
2. The framework must be international – that is to say that an isolated trading mechanism will not assist the real global problem unless we ensure that trading structures and policies are similar and related to other international schemes. Eventually, these exchanges should combine and decisions taken now in design should reflect this later integration.
3. Taxes and permits should be progressively placed on imported products. As such, our own emissions trading policy should allow import and export debits and credit eg if one country could provide much cleaner energy then companies would achieve better results from this greener import policy than another and vice versa for companies importing from heavy GHG countries. As a free marketer, I despise tariffs but the world economy has simply never yet had a challenge like this and it requires a painful compromise of previous ideologies.
4. What does the proposed scheme mean when it describes a limited supply of 'Free permits' for the adversely affected energy generators? This seems a catch all to help these firms who fail to implement appropriate policies and could parallel the extra permits issued in the EU scheme that lead to price collapse.
5. I cannot see any meaningful penalties clauses and without estimates of what penalties apply for permit abuse, there is a real danger that companies may wait to find out if the fine is less than the permit during an

entire lifecycle resulting in the sort of accounting decisions that helped create the problems in the first instance.

6. The scheme seems un-necessarily focused on the energy companies. Surely some scheme should be developed for the wider industrial community rather than just energy companies – if we provide incentives to companies who are consuming from the energy companies then we have far more chance of reaching our overall targets. A wide carbon accounting framework must be recommended as part of the overall solution.

7. re: Section “Scheme Cap” part XVI

“A cap appropriately geared to the rate at which the economy can adjust would ensure that any costs to the economy in the short to medium term were manageable”

This extremely dangerous catch all means that we will not suffer economically whatsoever as a result of having to occur these new costs and that our caps will be set accordingly, a completely unrealistic target for Australia and its partners since any perceived economic problems associated with the system will result in more permits being issued.

As the stern report highlighted – there will be winners and losers out of this – we should recognize such when implementing and the ‘losers’ cannot be allowed to delay or prevent timely implementation.

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