

22 December 2006

Anthea Harris
National Emissions Trading Taskforce Secretariat
The Cabinet Office
GPO Box 5341
Sydney NSW 2001

Dear Anthea,

Re: *Comments on the possible design for a national emissions trading scheme*

Cambiar is strongly of the view that Governments, business and the community need to increase their attention on climate change and their actions to address the challenges it presents. Accordingly we congratulate the State and Territory Governments and the National Emissions Trading Taskforce for developing the possible scheme design for a national greenhouse gas emissions trading scheme and welcome the opportunity to comment on the Discussion Paper.

Cambiar's comments reflect our work with progressive companies, here and overseas, that are seeking business value from a focus on climate change, and want to actively contribute to the much-needed global effort to reduce greenhouse gas emissions. They are also based on our experience in working on climate change policy with Governments and leading thinkers around the world.

We congratulate the State and Territory Governments for their serious examination of a national emissions trading scheme. Emissions trading is already a major policy instrument being used around the world to drive emissions reductions and a carbon price signal is needed to pull new low emissions technologies into the market.

The proposal has encouraged an important debate about how a carbon price signal can best be introduced into the Australian economy. We encourage the State and Territory Governments to continue this national debate, which has been quiet since the early work on emissions trading undertaken by the Australian Greenhouse Office in the late 1990s. The work of the National Emissions Trading Taskforce Secretariat is also important in building institutional capacity to design and manage Australia's approach to carbon pricing.

A global carbon market is currently being constructed as sub-national, national and regional emissions trading schemes actively explore how they can link themselves. The benefit of such linkages is that they will allow a 'better' market to develop (ie. one with more depth and liquidity).



We therefore encourage the Taskforce to closely examine all options for linking a national emissions trading scheme to other emissions markets. By contrast, the alternative approach, of attempting to design a global emissions trading scheme that suits Australia, and then encourage other countries to participate, seems counter-productive.

The global carbon market is being constructed, and Australia's efforts to reduce greenhouse gas emissions will be well served by establishing linkages into that market as soon as practicable.

We look forward to the continuing development and implementation of the proposed national emissions trading scheme

Yours sincerely,

Justin Sherrard and Alan Tate
Directors

