

22 March 2007

## Media release

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# Proposed carbon trading model a financial and environmental mistake

The ‘hybrid’ emissions trading modelling being advocated by Warwick McKibbin and under consideration by the Prime Minister’s task group would lead to a gross over-allocation of emission permits far worse than the over-allocation of water licences by state governments, according to a new report by the Australia Institute.

Prepared by Dr Clive Hamilton and Professor Frank Muller, the paper argues that the proposed property rights approach is at odds with best practice elsewhere in the world and could leave future governments with a massive compensation bill as climate science necessitates deeper cuts in greenhouse gas emissions.

The report also argues:

- The hybrid model is incompatible with the Kyoto Protocol and the emerging global emissions trading market and would lock Australian firms out of the international system.
- The hybrid model is inconsistent with the trading systems being established by American state governments and with all the major emissions trading proposals currently before the U.S. Congress.
- The hybrid model is an idea whose time has passed. It has no significant government or business support elsewhere in the world.
- The hybrid system uses the environment as the safety valve.

Commenting on the report, Dr Hamilton said: “The proposed scheme places all of the risk of climate change onto the environment and, if it were adopted, would be seen as a polluters’ charter. The hybrid scheme fails all of the tests of good policy – including that of common sense – and should be put to rest”.

*Copies of the report, ‘Critique of the McKibbin-Wilcoxon Hybrid Emissions Trading Scheme’, are available on the Australia Institute website under ‘Webpapers’.*