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Media release

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Household emissions reductions pointless under emissions trading scheme

The introduction of an Australian emissions trading scheme in 2010 makes it pointless for households to reduce their energy use, according to a report entitled *Fixing the Floor in the ETS*, released today by The Australia Institute, a Canberra-based think tank.

‘While most people understand that emissions trading will impose a cap on greenhouse gas emissions, the fact is that it will also create a floor below which emissions cannot fall,’ said Dr Richard Denniss, report author and Executive Director of The Australia Institute.

Emissions trading involves setting a target for greenhouse gas emissions and issuing a limited number of permits equal to the size of that target. The target operates both as a ‘cap,’ above which emissions cannot rise and as a ‘floor’, below which they cannot fall.

‘When emissions trading comes in, every tonne of carbon dioxide saved by households will simply free up a tonne that can be used by industry. Installing solar hot water systems, driving smaller cars and turning off the lights will not help the environment one bit. The only effect reductions in household energy use will have is to free up pollution permits for the big polluting industries,’ Dr Denniss explained.

‘It would be more accurate to describe the Carbon Pollution Reduction Scheme as the Carbon Pollution Allocation Scheme. Once the target is set, the efforts of Australian households to reduce their energy use will only change who does the polluting and the price of the permits, but not the total level of emissions. The only effective way for households to reduce Australia’s overall carbon emissions will be to buy emissions permits and rip them up.

‘If Australian families are serious about tackling climate change, they need to call on the Rudd Government to do two things. First, the emissions target must be ambitious—at least a 20 per cent reduction on 2000 levels.

‘Second, the CPRS must be modified so that household energy reductions benefit the environment rather than just freeing up extra pollution permits for other sectors of the economy’, Dr Denniss advised.