



Citizens' Climate Lobby is a volunteer group of citizens who advocate for a simple but effective carbon price to address global warming in the most transparent and equitable way possible.

We believe that adopting the Carbon Fee and Dividend (CFD) approach will help Australia to effectively address the present and impending challenges of climate change and minimise the risks we face. It will also assist international efforts resulting from the Paris agreement and make them more likely to succeed.

We will address points 4 and 5 in particular

4. AUSTRALIA NEEDS TO BE AMBITIOUS IN GRASPING ECONOMIC OPPORTUNITIES.

Climate Change is a major risk to Australia's future prosperity. As the driest continent, our agricultural systems are seriously at risk as the planet warms and weather systems shift southwards. Our long coastline is obviously at risk as we have many low-lying towns and cities that are vulnerable. We face huge costs in dealing with these disasters. Flood and bushfire are also going to cost our economies as well as our communities dearly.

The global economy is already suffering from the strains of climate change and this is likely to accelerate with increasing warming. Climate Change is a major threat to our domestic economy as well, and to our way of life. Estimates for future warming, even with Paris agreement targets fully met will disrupt the planet's climate system and may trigger runaway changes that we cannot manage and will be very hard to adapt to. The world has been slow and erratic in its response so far. We can be ambitious in our aims to turn

5. AUSTRALIA CONFRONTS A RANGE OF STRATEGIC, SECURITY AND TRANSNATIONAL CHALLENGES

We face serious threats to our security in a world that is already challenged by climate related conflicts. We know that these will increase in severity if the climate continues to warm as predicted. The US military has long recognised climate change as a serious risk to national and international security.

Climate refugees will increase greatly from the present small numbers to possibly huge numbers. We will also have internally displaced people in Australia, displaced by disasters that cannot be recovered from. These are likely to cause major strategic and security risks for Australia and probably the whole world.

Estimates for future warming, even if the Paris agreement targets are fully met will disrupt the planet's climate system and may trigger runaway changes that we cannot manage and will be very hard to adapt to. The world has been slow and erratic in its response so far.

This situation is also a major opportunity for us to adopt effective solutions at domestic and international levels to give ourselves and other nations the best chance of recovery and renewal.

An effective solution – Carbon Fee and Dividend CFD

We advocate for a simple, transparent form of carbon pricing that is effective in bringing down emissions domestically. Carbon Fee and Dividend also gives great incentive to our trading nations to adopt a similar price, enabling us to collaborate in reducing emissions and smoothing the transition to a post-carbon world.

How CFD works <http://citizensclimatelobby.org/carbon-fee-and-dividend/>

1. A **steadily rising fee** is placed on the carbon content of fossil fuels at source, i.e. the point where they enter the economy – port, well or mine. This is simple to measure and administer as it is much easier to estimate the CO₂ output from fossil fuels than to measure emissions from industry and vehicles. The fee

would start low – around \$15-20/ton of CO2 and gradually increase at about \$10/year. The steady increase provides certainty and predictability to industry, governments and society and enables the nation to transition much more smoothly than will happen otherwise. The fee is phased out in the 20-25 years it will likely take to do its job.

2. 100% of net revenue is returned to households as a monthly **dividend**. This ensures that citizens are easily able to afford the price increases that will flow through the economy and will enable businesses to increase prices, knowing that they can be afforded. More importantly it boosts the economy, keeps money circulating and enables businesses to keep market share while giving them incentive to transition to low-to-zero carbon sources of energy. The dividend enables electors to give their support for the fee which otherwise would be unpopular.

These market forces will drive innovations in low-emissions technology, including electricity generation, creating new business opportunities to develop, produce, install and service these products. This will create many new jobs (including for electricity workers) and stimulate the economy, as has happened under British Columbia's carbon tax and is predicted to happen under fee and dividend in USA in the REMI (Regional Economic Modelling Inc) Report <http://citizensclimatelobby.org/remi-report/>. Companies will be able to sell these new technologies globally and will become more efficient with the energy they use, making them more competitive worldwide.

3. **Border adjustments** are used to ensure Australian industries are not disadvantaged by trading with countries without a comparable carbon price. Placing a tariff on imports from countries without a comparable carbon price, and giving rebates to exporters to those countries, encourages them to price carbon themselves, rather than have the price collected elsewhere. Once 2 or 3 major economies have adopted border adjustments the rest of the world is bound to cooperate and create the global agreement that has been difficult to establish as most nations are reluctant to move first.

This approach now has the support of very senior Republicans who have formed the **Climate Leadership Council** <https://www.clcouncil.org/> to promote such a scheme in the US. They believe that once the US adopts it China will follow and so will the rest of the world.

Australia will benefit in many ways, these are the major ones;

We will be able to: -

- Avoid the worst effects of unchecked climate change, including international conflict and war, overwhelming refugee flows, increased disease, food and water shortages, etc
- Contribute to the establishment of a collaborative world order that can significantly slow, and hopefully reverse, climate change
- Enable a smoother economic transition to a post-carbon economy, domestically and internationally, and avoid the destructive disruptions likely to occur otherwise
- Maintain the economic viability of our agricultural industries and our clean air and water resources

Due to its simplicity, the role of the Federal Government in addressing these challenges will be significantly reduced by the introduction of CFD.

It will need to enact the following;

1. Legislate the Fee and Dividend system
2. Enable the ATO (or establish a new agency) to collect the fee
3. Enable Centrelink (or establish a new agency) to distribute the dividend
4. Enable DFAT and other appropriate agencies to establish border adjustment facilities and calculate carbon price differentials with trading partners
5. Set the level of the fee and the rate at which it will rise

6. Inform the electorate and industry as to how the system works, why it is needed and how it will benefit industry, environment, and society, both short and long-term, domestically and internationally

It will be able to step back from

7. Setting renewable energy targets – the price will drive a rapid transition to renewables and make targets redundant
8. Funding the Emissions Reduction Fund – the carbon fee will drive down fossil-fuel carbon emissions – it could retain some or all of the ERF to assist with carbon farming and other land-use mitigation strategies however

It will be able to reduce

9. Funding research and development as the carbon price will drive significant private investment in R and D – some funding of pure research or specialist areas of R and D should be retained however
10. Regulating industry to reduce its emissions as the price will drive emissions down and incentivise cleaner and more efficient means of production

Australia can significantly reduce the serious risks of climate change, domestically and internationally by adopting Carbon Fee and Dividend. This simple, revenue-neutral, border-adjustable and steadily-increasing carbon fee is easy to implement and will bring enormous benefits at home and abroad. It gives us the best chance of achieving as smooth as possible a transition from a global carbon economy to a post-carbon economy that works for all nations.

It will also benefit the Australian economy, create new jobs and address many of the health risks created by the burning of fossil fuels.

We commend it to the Minister.

Rod Mitchell
National Coordinator

