The Age, Tuesday August 9th 2011, p. 5

Carbon tax may be twice as effective

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THE government's carbon price plans could deliver more than double the cut in domestic greenhouse gas emissions predicted by Treasury.

A report by research group ClimateWorks to be released today says "complementary measures" included in the plans — such as a $10 billion clean energy financing corporation and payments to close high-emitting power plants — alongside a carbon price will boost the scheme's effectiveness.

The report suggests the climate change deal negotiated between Labor, the Greens and independent MPs could "unlock" 133 million tonnes of emissions savings by 2020.

ClimateWorks' findings are more than double those of Treasury, which suggested a carbon price would reduce domestic emissions by 58 million tonnes by the end of the decade. But Treasury's modelling did not include complementary measures and was based on a $20-a-tonne carbon price, rather than the government's proposed $23 price.

Australia has to reduce its emissions by 159 million tonnes by 2020 if it wants to meet the bipartisan 5 per cent reduction on 2000 levels.

Emissions cuts not made domestically will have to be met through importing carbon offset permits created by developing nations.

ClimateWorks head Anna Skarbek said the findings suggested Australia should set a more ambitious target of 25 per cent by 2020.

Ms Skarbek said ClimateWorks' analysis showed a carbon price and complementary measures would remove a number of barriers for industry to invest in emissions reductions.

The opposition criticised the amount of international permits that would be required to meet the 5 per cent target.

Opposition Leader Tony Abbott said: "Under the government's own proposals . . . Australian businesses are going to have to spend more than $3 billion a year purchasing abatements from abroad."