

Cutting emissions beyond Paris

Australian Financial Review, 22 October 2015

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Since the Turnbull Prime Ministership, Environment Minister Greg Hunt has used somewhat tougher language in selling the government's intent to force a reduction in Australia's greenhouse gas emissions.

No longer do we have Tony Abbott's prospective axing of the renewable scheme with its \$2.5 billion a year cost to consumers and the closure of the \$10 billion Clean Energy Development Corporation. Instead we have assurances that the renewable requirement will never be reduced and a stressing of \$1.8 million fines for companies that breach their baseline requirements.

And Mr Hunt has appointed new members to his Climate Change Authority, which may have atrophied under Abbott. The new members, including the chair, Wendy Craik, are less dogmatic enthusiasts for regulatory measures to reduce emissions than the ALP/Green members the Coalition inherited.

Australia is proposing at December's Paris climate conference a 26-28 per cent reduction in emissions by 2030 (based on 2005 levels). That is in line with proposals of Japan, New Zealand, the US and Canada. It is lower than the 40 per cent reduction the EU is pledging, although Australia's population growth means our target per capita is higher.

The first and third largest emitters, China and India, have said they will examine measures to keep their emissions to *increases* of 150 per cent and 90 per cent respectively. These increases are in spite of the two countries having ambitious emission-saving nuclear power programs. The second highest emitter is the USA and all Republican candidates for President would shred any commitments made in Paris. A Democrat President in 2016 would also find difficulty implementing an abatement program because of Congressional push back.

Proposals that governments take to Paris are actually little more than "best endeavours". Many countries will renege if the costs are too great - Canada for example pledged a 6 per cent reduction in emissions in signing the 1997 Kyoto Protocol but ended up with a 24 per cent increase.

Australia tends to be less pragmatic. Kevin Rudd ratified the Kyoto Protocol as his first act on becoming Prime Minister. However, even before then, Australia acted in accordance with its provisions by implementing regulations to suppress emissions of carbon dioxide and its equivalent.

The policy that was the key to Australia's greenhouse gas suppression was "sterilization" of agricultural land use. Australia, under John Howard's Environment Minister, David Kemp, worked with state governments to use planning controls over agricultural land to prevent its clearance for productive use. Malcolm Turnbull as Environment Minister built on this by buying water from irrigators in the Murray Darling and allocating it to environmental rather than productive uses. These measures resulted in 100 million tonnes of greenhouse gas emissions being "saved" annually, keeping Australian emissions stable at around 550 million tonnes.

Canadian Governments did not think themselves able to follow similar policies and take the land's productive value without paying compensation. There are estimates, which were cited by Barnaby Joyce when in Opposition, that the loss to landowners from the Australian property taking was as much as \$200 billion.

Having already milked the farming sector for all its worth as a greenhouse gas donor, Australia will find it hard to meet future planned reductions. And the NSW and Victorian governments are not helping by pandering to those opposed to gas exploration; such actions hold up the gas price and drive down its competitiveness against coal which has much greater emission levels per unit of energy.

Among the developments the Commonwealth is banking on to achieve its 26-28 per cent targeted reduction in greenhouse gas emissions is a gradual replacement of the vehicle fleet by more fuel efficient models. We would however not save much in terms of emissions by converting to electric cars. Although electric cars can have double conventional vehicles' fuel economy, their input of electricity has almost twice the greenhouse gas emissions as diesel or petrol.

Further emission reductions will be expensive. The cost will far exceed the \$1.7 billion a year that Minister Hunt infers might be the outcome based on the price (\$13 per tonne of carbon dioxide equivalent) from the reverse auction of 47 million tonnes earlier this year. The cost is even likely to exceed the \$11 billion a year outlay (based on a ceiling price of \$90 per tonne) of forcing the substitution of wind and solar for fossil fuels.

More importantly, the penalty will be a crippling charge on many industries and, in view of the lack of action by developing countries, have no effect on global emissions.

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