

The great climate fiction

Greg Sheridan

It is natural that when Tony Abbott told Asia-Pacific leaders he was going to repeal Australia's carbon tax he found no opposition, and a good deal of support instead. He mentioned it in plenary sessions and bilateral meetings with all the leaders.

In taking this action, Abbott is bringing us into line with Asia-Pacific practice. There is not one significant national carbon tax or emissions trading scheme operating anywhere in the Asia-Pacific.

One of the most disagreeable defects of the Rudd and Gillard governments was the way they so often misrepresented reality, especially international reality. They tried to do this on such a scale that ultimately the public could see through it on many issues, especially boats and climate change.

The politics of climate change the world over is full of rhetoric and devoid of action. If Australians are being asked to pay a tax, even if it's called an emissions trading scheme, they should compare what other countries are actually doing, not what some politician might once have said.

The ABC in particular runs a constant propaganda campaign in favour of the idea that the world is moving to put a price on carbon. But the information is never specific. Any ABC interviewer with a speck of competence or professional standards should always ask the following: Name the specific scheme? Is it actually in operation? How much of the economy does it cover? What is the price of carbon? How much revenue does it raise?

You can impose no real cost on your economy, but still have a scheme to brag about if you have economy-wide coverage but a tiny price, or a big price but a tiny coverage. Either way you have a good headline scheme to fool the ABC with.

But here are some actual facts. The UN Framework Convention on Climate has 195 members. Only 34 of those use anything resembling an emissions trading scheme. Of those, 27 are in the EU scheme. No one in the Asia-Pacific has an effective scheme.

What about these Chinese schemes we hear so much about on the ABC? There are seven designated pilot projects in China. One - that's right, one - has begun operation. That is in Shenzhen. So far all the permits are given away for free. It has had no impact at all on carbon emissions.

The Chinese government has indicated it may look at a national scheme for the five-year plan from 2016. This is at most speculative, and there are a million ways it could be completely ineffective, which is almost certainly the result. China is by far the world's biggest polluter. Its per capita emissions are now comparable with Europe's. It has some plans to reduce carbon intensity, that is, the amount of carbon per unit of production, but no plans to reduce the absolute size of its emissions.

Japan has effectively abandoned plans for an ETS. No economy-wide carbon tax or ETS is operating today. South Korea has a plan, but it will issue all permits for free in the first period and is looking to redesign its scheme partly to avoid the impact on electricity prices, which Australia's scheme had. New Zealand has a notional scheme, but the price is a meaningless \$1 per tonne.

The US has no carbon tax or ETS and is unlikely ever to have one. The separate Californian scheme is frequently adduced by pro-tax Australian partisans. But this scheme covers only 37 per cent of emissions, compared with the Australian tax that covered 60 per cent of our emissions. More importantly, in California, 90 per cent of permits for electricity are given for free.

The Regional Greenhouse Gas Initiative covers several northern states in the US. But the price is \$2.55 per tonne and it covers only electricity.

Canada does not have an ETS or a carbon tax. The Quebec scheme covers a minority of emissions and because the province is so reliant on hydro-electricity the scheme has little impact.

Some of the biggest carbon emitters in Asia - like Indonesia and India - not only do not have national carbon taxes or ETS schemes, they have massive fuel subsidies to make carbon-based fuels accessible to all their people. A fuel subsidy is the opposite of a carbon tax, it is a carbon subsidy.

The European scheme has a price of about \$7. Famously, it covers a substantially smaller proportion of its emissions than our carbon tax did. Equally famously, in its first five years it tended to raise about \$500 million a year whereas our carbon tax raised \$9 billion a year. So all of Europe combined imposed a cost on itself of one-18th of the cost Australia imposed on itself.

Europe also allows, within its scheme, a certain amount of imports of Certified Emission Reduction Units, basically UN-approved carbon credits created in Third World countries. The price for these shonky bits of paper has now fallen below \$1 per tonne.

Labor's Mark Butler was yesterday repeating the ALP mantra, much recited, too, by the Greens and the ABC, that not a single reputable climate scientist or economist endorses direct action of the kind Abbott and his minister, Greg Hunt, propose. This is untrue. The vast majority of the governments of the world, certainly the US and Canada, are using direct action mechanisms to address greenhouse gas emissions.

The rise of gas as an energy source has been the key driver of reductions in the US, but tighter automobile emissions standards and many other direct action measures have also been important. Australia would be extremely foolish to move substantially faster or further than most of the world. That is what we did in the biggest way with our hugely destructive carbon tax.

To compare ourselves with the world we must be absolutely accurate about what the world is actually, really doing in its physical manifestation today, not what some EU bureaucrat or NGO activist is willing to say in an always unchallenging ABC interview. Even within Europe's compromised scheme there is a great deal of re-thinking as economic logic trumps

climate change piety.

The carbon tax and the ETS are based on a complete misrepresentation of what other countries are doing. Australians have never voted for either an ETS or a carbon tax and, unless the world changes radically, are unlikely to do so in the future.