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Submission on 'setting the agenda for post-2020 Greenhouse gas emission reduction targets'

The government's position expressed in the Issues Paper is that global warming is significant and is costing Australia in terms of extreme weather events. In addition to floods and droughts, Australia faces challenges to our agriculture and tourism industries and costly infrastructure repair in our cities from bush fires, floods and storms. To the ongoing health costs of pollution from burning fossil fuels are added the mounting toll of deaths from extreme weather events. Already heat waves take more lives annually than any other natural disaster.

The Issues Paper alludes to the historic opportunity presented by the climate talks this year if all countries take 'serious, coordinated action'. The weight of scientific and economic evidence is that the world must leave the bulk of our fossil fuels in the ground if we are to avoid dangerous climate change tipping points. It is not the case that we must trade our short-term economic comfort against long-term environmental disaster as the Issues Paper implies or the Environment Minister, Greg Hunt, argued this week when he claimed that significant emissions reductions would be 'onerous'. The weight of independent analysis rejects alarmist claims by the Minerals Council of Australia that targets in line with major economies' commitments would 'slash economic growth, real wages and household living standards' or the claim of coal industry representative, CEO Brendan Pearson that 'a 40 per cent cut in emissions is equivalent to closing down Australia's electricity, transport and agriculture sectors'ⁱ These are reminiscent of Mr Abbott's claim, when in opposition, that the price imposed on carbon would close down Whyalla.

Numerous studies, most famously the Stern Report and including one released this week by ANU, say that achieving such targets is possible, and at little extra cost, if any. This report concludes that Australia can source 100% of its power from renewables by 2050 with very little economic disruptionⁱⁱ.

The Issues Paper argues that Australia is a 'special case' which does not have to make the same level of commitment to reducing global warming as our major trading partners: because our population is growing, we rely on agriculture and resource extraction, we burn much more coal and oil per capita than most other countries and we lack hydro-electric energy resources.

Other analysts argue that Australia is a ‘special case’ that must make a contribution in line with other mature economies because

- we stand to experience more costly and devastating climate disasters than many countries
- our agricultural production and tourism industries will be further impacted by global warming, many becoming unsustainable
- we have some of the most abundant renewable energy sources in the world: solar, wind, wave and geothermal
- we have been contributing more than our fair share to global warming up to now and should make a significant and strong commitment to ambitious emission reduction targets to make up for our tardiness.

The Issues Paper’s goal is Australia makes commitments ... appropriate to countries’ national circumstances so these can work alongside plans for strong economic growth, jobs and development’. As the price of renewable energy falls dramatically and that of fossil fuels remains static, renewable energy is increasingly cost competitive with fossil fuels. The world will move away from coal and oil. If we fail to move with the world, we will be left making the equivalent of horse buggies or quill pens while the world manufactures, installs and runs on renewable energy. Our economic future requires us to seize the investment and employment opportunities of renewable energy. Only this action will allow us to achieve the Issues Paper’s goal and ‘not put Australia at a competitive disadvantage’.

I am heartened that Minister Bishop advocates that Australia makes a ‘comparable contribution’ in line with other nations. A comparable contribution is the same percentage targets as other developed countries. The government’s independent authority, the Climate Authority, in its ‘First Draft Report of the Special Review’ recommends Australia should cut greenhouse gas emissions by 30% below 2000 levels by 2025. This report builds on the Authority’s 2014 report, *Reducing Australia’s Greenhouse Gas Emissions - Targets and Progress Review*, released in February 2014. These recommendations include a 2020 target of 19 per cent below 2000 levels, a 2030 range of 40 to 60 per cent below 2000 levels, and a long-term zero emissions budget to 2050 of 10.1 Gt CO₂-e for the period 2013 to 2050 (or about one per cent of the remaining estimated global budget)ⁱⁱⁱ. These goals represent an equitable share for Australia in limiting global warming to less than 2 degrees^{iv} (when most scientists argue that 1.5 degrees is actually the dangerous tipping point).

In terms of strategies for reducing fossil fuel emissions, it is unfortunate the government has shut down or plans to weaken schemes that have worked to reduce our carbon emissions and instead introduced the expensive and ineffective direct action plan. From the first auction results, it appears the direct action plan will not meet the government’s own target of 5% reduction in emissions by 2020 and at the taxpayers’ expense while failing to send a price signal to polluters^v. More effective direct action could be undertaken by building large-scale renewable energy alternatives, for example solar power hubs in Kalgoorlie and Port Augusta, expanding the wave technology developed by Carnegie and so on.

The European Union’s cap and trade system has had mixed results. A promising alternative, which makes polluters pay rather than households, is a fee and dividend system, as employed in British Columbia. The scheme collects an annually rising fee from companies releasing fossil fuels into the economy at the point of release, for example from coal mining companies, and returns the fee as a dividend to householders. This set price has reduced British

Columbia's fossil fuel use by 16%, while encouraging economic growth and job creation in the clean economy^{vi}.

As the Issues Paper admits, Carbon Capture and Storage technology remains in the 'demonstration phase' and is unlikely to provide cost competitive clean coal within the time frame required to take strong action on reducing global emissions. If in 2040, the world still relies on carbon-based sources for 74% of its energy and associated emissions do not change significantly, the irreversible costs of global warming will be the outcome.

The Renewable Energy Target has been both popular and effective. Rather than being weakened as the government proposes, it should be strengthened. The current RET, according to modelling conducted for the Climate Authority's Targets and Progress review, would achieve about a 70 per cent reduction on 2012 emissions intensity levels by 2030, and about a 90 per cent reduction by 2050^{vii}. The Warburton Review estimates that the current RET will cost \$22billion to 2030. However, based on International Monetary Fund analysis, subsidies to the coal, oil and gas industry in Australia, including their broader negative health and climate change effects, amounted to around \$23 billion in 2011 alone, with about \$9billion being direct subsidies. Even taking the Warburton Review's estimates at face value, the renewable energy industry would be subsidised over 15 years to the tune of what the coal, oil and gas industry get in one year^{viii}.

In the interests of a level economic playing field, the government should not subsidise one sector while stripping support from another. The government should include in its economic calculations, the externalities of climate change which are very onerous budgetary costs, for example replacing infrastructure in Queensland and New South Wales following cyclones and storms, compensation and rebuilding after bushfires, and the recurrent health costs of pollution from burning coal and oil.

In sum, there are a number of successful strategies for meeting ambitious emissions reduction targets which will strengthen rather than weaken Australia's economy:

- phase out fossil fuel subsidies
- retain and strengthen the RET
- redirect 'Direct Action' investment into large scale solar power and other renewable energy hubs.
- institute a price on carbon at the source of its release into the economy, for example with a fee and dividend system

I urge these targets and the proposals for meeting them on the Australian government so that we move with the world. Australia can retain a leading and respected role in the UN negotiations; we can reap the synergies as our trading partners swiftly adopt renewable energy and move away from stranded fossil fuel assets; we can retain our agricultural and tourism industries; we can reverse the rising costs of devastating floods, fires, droughts and storms. We can guarantee our children their future.



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ⁱ <http://reneweconomy.com.au/2015/abbott-blows-his-carbon-budget-in-first-direct-action-auction-26282>

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http://awsassets.wwf.org.au/downloads/fs077_australia_can_cut_emissions_deeply_and_the_cost_is_low_21apr15_v2.pdf

ⁱⁱⁱ http://www.climatechangeauthority.gov.au/files/files/Target-Progress-Review/Targets%20and%20Progress%20Review%20Final%20Report_Summary.pdf

^{iv} <http://www.climatechangeauthority.gov.au/special-review/first-draft-report>

^v <http://reneweconomy.com.au/2015/abbott-blows-his-carbon-budget-in-first-direct-action-auction-26282>

^{vi} <http://www.gpo.ca/blog/2015-02-23/carbon-fee-dividend-faq#sthash.GKmA5rwb.dpuf>

^{vii}

<http://www.climatechangeauthority.gov.au/files/files/reviews/ret/2014/review.pdf#page=10&zoom=auto,-114.415>, p 23

^{viii} [http://www.climateinstitute.org.au/articles/media-releases/the-ret-reviews-\\$22-billion-conveniently-misses-key-context.html](http://www.climateinstitute.org.au/articles/media-releases/the-ret-reviews-$22-billion-conveniently-misses-key-context.html)