

Australia's carbon reduction goal won't make enough difference

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On Tuesday the government announced its initial offer to the international community on how much Australia could reduce carbon emissions after 2020. Australia now joins more than 50 countries that have made an initial offer as nations prepare for negotiations at the end of the year in Paris.

The Climate Institute's analysis is that the target of 26 per cent to 28 per cent reductions on 2005 levels by 2030 is neither scientifically credible nor economically responsible. However, the government has also offered some opportunities to build on. I'll explain that shortly, but first some context.

As Foreign Minister Julie Bishop has pointed out, the Paris meeting will focus on a framework agreement for how countries' commitments are collected, compared and, crucially, built on across time. It will focus on accountability of commitments to the internationally agreed goal of avoiding average global warming of 2C above pre-industrial levels.

Should Paris be successful in this task, and the signs are positive, then countries will submit their final commitments probably late next year or in 2017.

It is important to also understand that it is now generally accepted that avoiding 2C warming will require a global economy of net zero emissions or below before the end of the century. That is the view of the Group of Seven nations, and an objective recognised by Australia's leading business, union, welfare and other groups in the recent Australian Climate Roundtable statement. Business leaders such as Indian industrialist Ratan Tata and Unilever's Paul Polman are among those who recognise this should be achieved by the middle, rather than the end, of the century.

There are lots of numbers, base years and comparisons floating out there, but the most important is a big round number: zero. We must bring emissions down to or below net zero, which means we have a limited global budget of carbon pollution we can dump into the atmosphere.

In this light Australia's initial target offer doesn't stack up. Even on a generous share of the global carbon budget for avoiding 2C warming, this target would blow that budget by 2029. Australia joins Canada, Japan and New Zealand in blowing their share. Others, like the US, with a 2025 target, aren't perfect but leave the door open to a more credible path to 2C.

While we welcome the government repeating its support for avoiding a 2C rise in temperature, Tuesday's target suggests we want to avoid the risks for Australians of greater warming but we want others to do our share of the necessary work.

Second, this target would leave us as the most pollution-intensive economy among the advanced economies. And, despite significantly reducing our per capita pollution, it would still leave us with the highest level among advanced economies and even emerging ones such as South Korea.

In a world that is modernising and cleaning up economic as well as energy systems, this positioning serves to increase our exposure and liability.

The government's response to climate and energy policy has struggled with the sheer speed of change in the energy sector. Clean energy has emerged from the margins to become the biggest driver of investment in power generation globally. Even on present trends the International Energy Agency predicts that renewables will become the leading source of electricity by 2030.

What is clear is that even with the announced targets we need substantially more policies in the toolbox than those on offer. The Australian Industry Group, in an analysis similar to that of the Climate Institute, says keeping the taxpayer-funded Emissions Reduction Fund as the principal policy tool exposes the public budget to the risk of tens, if not hundreds, of billions of dollars to 2030.

The government did say there would be more policy but detail has been scant apart from a welcome commitment to phase down hydrofluorocarbon refrigerants. If the government is to limit public expenditure to about \$2 billion, as flagged, significant extra policies will be required, and it cannot ignore the ageing, inefficient coal-fired power plants that are clogging up pollution reduction efforts.

Policy design matters. Sectors that are genuinely affected by the uneven application of emissions policies across the world can be assisted through the transition. Business can be given some access to credible international and domestic carbon credits, to ensure global emissions are reduced while giving companies flexibility in meeting pollution limits. Vulnerable individuals and communities can be supported as we invest in boosting clean energy and replacing our coal-fired generators.

But we will need to generate sensible discussion on the adequacy as well as scope of policy while keeping the outcomes clearly in mind.

There are some important chinks of light in the government's announcements and in the formal documentation it has submitted to the UN. These acknowledge flexibility on Australia's initial offer and indicate a review process for the target and policies in 2017.

Let's build on this to look past political scare campaigns and old entrenched positions and start to have a real conversation.

And let's do it now. Australia can and must really help to avoid 2C warming and build prosperity in a zero-carbon global economy. But we'll need to do better than this initial offer.

John Connor is chief executive of the Climate Institute.

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