

3 December 2008

## BETWEEN THE LINES

**Welcome to the fourth edition of *Between the Lines*, The Australia Institute's e-bulletin – selective analysis of the policy and politics affecting the wellbeing of Australians. This edition looks at:**

- ministerial responsibility
- a major flaw in the ETS
- thinking long term
- Institute ideas.

### **Where does the buck stop?**

The resignation of India's Home Minister, Shivraj Patil, over his perceived obligation to take 'moral responsibility' for the Mumbai terrorist attacks was a reminder of times past when ministers actually took responsibility for what happened within their portfolios. Lately, within the Australian Federal Government at least, there has been a dearth of such resignations but, unfortunately, a plethora of reasons why they probably should have occurred.

The concept of ministerial responsibility grew out of the Westminster system where it came to be accepted that ministers, rather than owing their allegiance to the crown or the prime minister, were responsible through Parliament to the people. Any failure on the part of ministers in their duty to the people imposed an obligation on them to resign. As President Truman famously said: 'The buck stops here'.

However, this state of affairs is not law. It is a tradition, which allows the people to have confidence that their elected representatives understand that they are accountable for their actions and for the actions of those who serve under them. It is a confirmation of the social contract that underpins a strong democratic ethos.

In the early years of the Coalition Government, a ministerial blood bath took place as John Howard paid attention to his 1996 Ministerial Code of Conduct. However, after his first term, the situation changed dramatically. How else can the failure to hold any minister responsible for the children overboard equivocation, the weapons of mass destruction fiasco, the bunglings in the Department of Immigration, the AWB scandal or the Haneef affair be explained?

Kevin Rudd has introduced a stringent code of conduct for ministers but it will be interesting to see how he handles questions of ministerial responsibility when they actually arise. A return to the traditional way would be no bad thing. The buck has to stop somewhere and that should be with the person in charge.

### **ETS: The devil is in the (lack of) detail**

Despite acres of newspaper coverage of the Rudd Government's proposed Carbon Pollution Reduction Scheme (CPRS), there are major misunderstandings about how the scheme will actually work. Perhaps the most common misconception is that once the Government sets its 'target' for the level of greenhouse gas emissions, households will still be able to 'do their bit' to reduce emissions. In fact, once the CPRS commences in 2010, reductions in energy use by households will have absolutely no impact on Australia's greenhouse gas emissions.

Emissions trading will work like this: the first thing the government has to do is set its 'target' for how many tonnes of CO<sub>2</sub> Australia will produce in a given year. Step 2 is to allocate 'permits' to emit that level of pollution, with the allocation taking the form of either a gift to polluters, an auction of permits, or a combination of both. Step 3 involves letting permit holders trade their permits with each other. The significance of the trading element of the scheme is that it enables polluters who would like to increase their emissions to buy permits from polluters who do not need as many permits as they thought.

Consider the following example. A family is disappointed with the emissions target set by the Rudd Government and decides to do 'their bit' to help reduce emissions further. So they install a solar hot water system on the roof, put insulation in their ceiling and leave the air conditioner off. As a result of these efforts the family reduces their electricity consumption by 20 per cent. At this point, the operation of the CPRS becomes counterintuitive. As the family is using less energy, the power station that supplies their electricity will burn slightly less coal, which in turn means they need fewer pollution permits.

As a result of the family using less electricity and the power station burning less coal there are now some 'spare' emissions permits. The power station can sell these permits to the highest bidder, a cement kiln perhaps, thus allowing the kiln to increase its emissions and ensuring that there will be no net decrease in the level of emissions Australia-wide.

In other words, once the CPRS comes in, the efficiency 'savings' achieved by families will not be passed on to the environment in the form of lower emissions but will instead be captured by power stations and sold to other polluters.

This problem with the CPRS is spelled out in a recent paper published by The Australia Institute entitled *Fixing the Floor in the ETS* – read it here.

### **Bringing the big picture into the political cycle**

The response from the Australian Government to the challenges posed by climate change has, at least until very recently, been characterised by tokenism, deliberate stalling and even outright hostility. On top of the usual lobbying by business interest groups, one of the critical factors in the way that governments around the world have acted on climate change is the short-term nature of the political cycle.

As a rule, politicians respond well to issues that can affect their chances at the next election (or the one after that), but struggle to implement large policy initiatives that will come to fruition after a few decades. One notable exception is defence, where spending decisions are planned for up to 30 years.

The UK political commentator George Monbiot has suggested an interesting way to address the short-term bias of political decisions. He proposes a new parliamentary body, the 100-year committee, whose role would be ‘to assess the likely impacts of current policy in 10, 20, 50 and 100 years time’.

Sitting outside the standard political cycle, the 100-year committee would be able to assess policy challenges solely on the basis of scientific and other evidence. In this way, it would represent the interests of those who will feel the consequences of today’s decisions after we are all gone.

### **Great Ideas from the Institute**

Are you struggling to find presents for family and friends this year? Are you dreading another trip to the shopping mall? Why not give this gift of great ideas?

This Christmas we’re offering 18 months memberships to the Institute for the price of 12 months (just \$50). To purchase an Institute membership simply go to [www.tai.org.au](http://www.tai.org.au) and click on ‘Join a Friend’.

In case you’ve missed any of our latest research, here’s a recap of our most recent publications:

- Richard Denniss published a web paper on *Fixing the Floor in the ETS* – you can read it here.
- Hugh Saddler and Helen King released a discussion paper on *Agriculture and Emissions Trading: The impossible dream?* – you can read it here.

\*\*\*\*

If you have any comments regarding *Between the Lines*, please send them to [mail@tai.org.au](mailto:mail@tai.org.au). If you know someone else who needs to read *Between the Lines*, please forward this email. They can sign up to receive it at [www.tai.org.au](http://www.tai.org.au).