

30th October 2001

News release

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ABARE Confirms Cost of Kyoto Minuscule

Latest research results from ABARE represent a dramatic downward revision of previous estimates of the costs to Australia of complying with greenhouse gas emission reduction targets under the Kyoto Protocol, according to The Australia Institute.

Renowned for its exaggerated claims of the costs of cutting greenhouse gas emissions, ABARE's latest modelling estimates that Australia's GNP would be only 0.18% lower in the year 2010 if Australia ratifies the Kyoto Protocol and it enters into force.

"We need to put this in perspective", said Institute Executive Director Dr Clive Hamilton. "While GDP is expected to grow by 40% over the 10 years to 1st January 2010, according to ABARE meeting the Kyoto targets would mean that Australians have to wait until 19th January 2010 before reaching the same level."

The ABARE modelling results stand in stark contrast to alarmist claims by Senator Minchin who has said that, even on the most optimistic assumptions, meeting our Kyoto commitments would mean costs "significantly more than a severe recession and several times that of a major drought" (Media Release, 20 April 2001).

"ABARE's estimated costs are one tenth of those predicted by Allen Consulting, the basis for an industry scare campaign on regional job losses and widely quoted by Government ministers", said Dr Hamilton.

"Low as they are, the ABARE figures still over-estimate the cost of compliance. The model does not take account of the expected rapid growth of renewable energy industries, or the extensive opportunities for zero-cost energy efficiencies."

"Much of the estimated economic cost to Australia arises from falling world demand for coal as other countries cut their emissions, which will happen no matter what Australia decides", said Dr Hamilton. "So perhaps half of the estimated 0.18% loss of GNP is unavoidable."

A report by The Australia Institute released last week – *Regional Employment and Greenhouse Policies* – showed that Australia could meet its Kyoto target at a carbon cost of less than \$2 per tonne instead of the \$25 assumed by ABARE and \$34 assumed by Allen Consulting. It said that properly targeted greenhouse policies could result in job growth in regional Australia.