

Pandering to the Government

Surveys have shown that voters trust non-government organisations much more than they trust politicians and businesses. With the election upon us, political parties need the support of environment groups to win over key constituencies. But all is not what it seems in the environment movement. Clive Hamilton reports.

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On 7th September, the Federal Environment Minister Senator Ian Campbell issued a media release announcing some new Commonwealth grants for projects to protect threatened species. While the announcement was a dull affair, the remarkable feature of the media release was that it included the panda logo of the World Wide Fund for Nature and quotes from the acting CEO of WWF praising the Government's program.

The fact that WWF is actively promoting the Howard Government's environmental policies in the middle of an election campaign is difficult to square with its angry reaction to the Australia Institute's July report which concluded that the relationship between WWF and the Howard Government has become unhealthily close.

WWF Australia has enjoyed lavish financial support from the Howard Government with a five-fold funding boost since 1996.

The report, *Taming the Panda*, followed an earlier Institute report, *Silencing Dissent*, which examined the means by which the Howard Government attempts to silence its critics in non-government organisations.

Within days of the release of the Institute's paper a bitter row broke out in Tasmania over a report detailing WWF's solution to the dispute over logging in Tasmania's old-growth forests. Thirteen local environment

organisations, most of which have been campaigning on the issue for years, wrote an excoriating letter to WWF directors. It declared of WWF's *Blueprint for Tasmanian Forests*

"The document is incredibly damaging to the cause of forest conservation in Tasmania. We believe it will do irreparable harm to the reputation of WWF in Australia and internationally."

The environment groups were not the only ones to feel betrayed. *The Age* reported that some wildlife photographers whose work is due to be published in a new WWF book on the Tarkine have withdrawn permission to use their photos. One Hobart photographer, Ted Mead, was quoted as saying: "I certainly would not have been part of the book project if I had known the blueprint was going to be produced".

Taming the panda

The Institute's study found that WWF has enjoyed lavish financial support from the Howard Government with a five-fold funding boost since 1996. Total Government grants over the period amount to more than \$15 million, with \$13.5 million allocated since 1998-99, nearly all of it from the Federal Government.

The flow of Federal funds was turned on after WWF endorsed the Howard Government's highly controversial Environmental Protection and Biodiversity Conservation Act in 1999. Funding to other environment groups,

notably ACF and TWS (both of which were critical of the EPBC Act), has been slashed.

An analysis of the public statements made by WWF Australia and other environment organisations about the Howard Government's major environment policies showed the following.

- ★ WWF Australia's comments are almost uniformly favourable, and often highly complimentary, to the Howard Government.
- ★ WWF Australia's position is frequently at odds with those of other major environment groups such as ACF, Greenpeace, TWS and state conservation councils.
- ★ Other major organisations are sometimes critical and sometimes supportive of Howard Government policies.

The evidence suggests that WWF Australia can usually be relied upon to praise the Howard Government's main environment policies, while other organisations are more likely to provide an independent assessment.

The report concluded that there are strong grounds for questioning whether WWF Australia can legitimately continue to describe itself as independent. The loss of independence is of considerable importance as it undermines WWF Australia's role in public debates about Government policy and raises questions about whether it has misled its supporters and the general public.

Because the public is justified in asking whether the opinions and activities of other groups are influenced by governments and businesses, the standing of all environment NGOs in the community could be jeopardised.

Playing politics

It is apparent that WWF is being used by the Howard Government to endorse unpopular environment policies. It frequently deploys WWF's name and statements in an effort to give credibility to controversial government policies.

There is an inherent danger for independent community-based organisations when they accept government funding. Organisations that begin to see the world through the eyes of governments risk losing their capacity to make dispassionate assessments of what is in the interests of the environment.

Most organisations work assiduously to guard their independence and, at their best, governments accept this. In the case of the Howard Government and WWF Australia, it appears that the line has been crossed.

With the environment expected to feature more prominently in this federal election than any since 1990, 'solving' the iconic Tasmanian forests problem will be high on the agenda of the major parties. WWF's *Blueprint* offers the promise of saving the industry and getting the endorsement of a major green group. It's an attractive approach and we may well see the Howard Government adopting something very similar and receiving WWF backing.

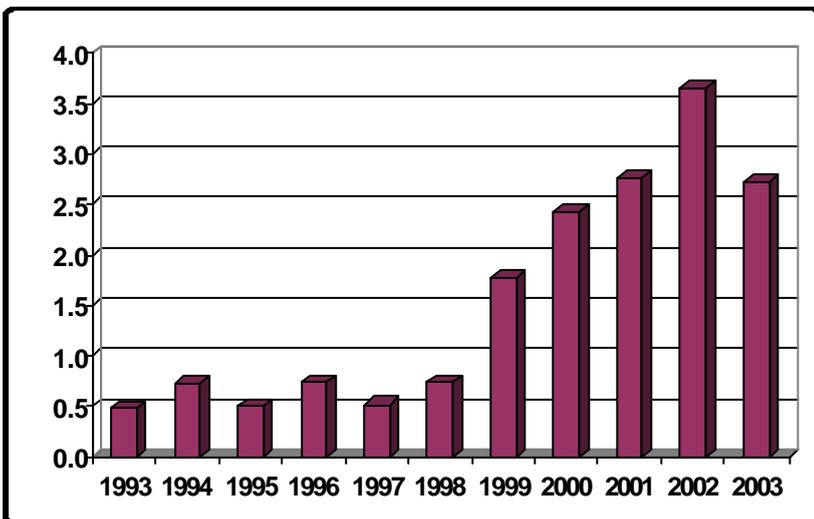
WWF in PNG

WWF's unpopularity is not confined to Australia. Simmering resentment among local conservation groups in Papua New Guinea has recently spilled into the media with the ABC reporting environmentalists accusing WWF of not doing enough to promote conservation in the Kikori region. For some time, environment groups in PNG have criticised WWF for failing to communicate and work with local groups.

It is also likely to win the backing of the National Association of Forest Industries. At a recent forest industry conference in Melbourne reported by Bob Burton, the head of NAFI, Kate Carnell, described a divide-and-conquer strategy in which 'moderates' are courted and 'radicals' marginalised. WWF's Senior Policy Officer, Michael Rae, shared the podium with her.

"The problem as I see it ... is that although I think Michael Rae and WWF are doing an absolutely stunning job [attempting to negotiate with industry]," Carnell said, "... we know that if we come to an arrangement with Michael and WWF, the Wilderness Society will still hate us because their fundamental position is that native forestry shouldn't exist at all".

Growth in WWF revenue from government sources 1992/93–2002/03 (\$m)



Many committed and capable people work for WWF, and the organisation has made a valuable contribution to environmental protection in Australia and elsewhere. But WWF appears to have lost sight of the critical importance of maintaining its independence from government and business. One hopes that it will come to its senses before it does too much long-term damage to its reputation.

The appointment of former BP chief, Greg Bourne, as the new CEO of WWF Australia augurs well as he has a track record of asserting his independence. ■

Making private schools accountable

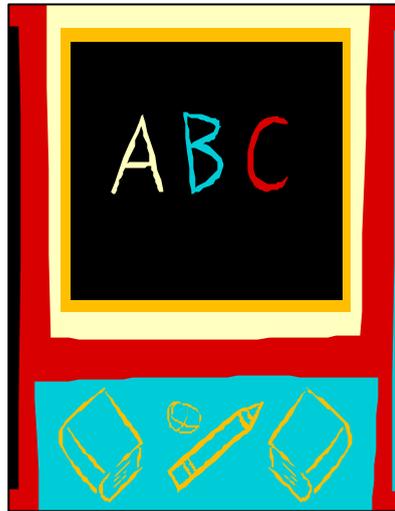
In the wake of the Prime Minister’s comments about the lack of values in public schools, The Accountability of Private Schools to Public Values (Institute Discussion Paper 71), considers the extent to which private schools are accountable to the Australian public for the funding they receive.

It has always been accepted that organisations must be accountable for the public funds they receive. The large increase in government funding for private schools naturally causes the community to ask whether those schools are sufficiently accountable for their commitment to the public values that all schools are expected to uphold.

While the private school sector, in all of its diversity, promotes some of these public values some of the time, some private schools fail to uphold them. Yet these schools remain accountable primarily to their own boards rather than to the Australian public more generally.

Furthermore, to the extent that some sectors of the private school system actively seek to be exclusive, either because of the fees they charge or on religious grounds, the private school system cannot achieve the degree of inclusiveness inherent in the public school system.

The Institute’s report argues that the steady growth of the private school sector is creating a growing tension between public funding of private schools and the values that are taught in some of them. Increasingly, students of differing ethnic and religious backgrounds are being isolated from each other through the growth of church-based and elite schools.



Multiculturalism, understood as respect and tolerance for different cultural practices and religious beliefs, occurs above all in the school yard. The overwhelming majority of respondents to a Newspoll survey commissioned by the Institute believe that it is good for children of different ethnic and religious backgrounds to mix at school, with 96 per cent agreeing and only two per cent disagreeing (see the table).

The refusal of some private schools to conform to community values such as inclusiveness and tolerance (by, for example, excluding gay students) is not the only problem that needs to be tackled by policy makers if they wish to rely more heavily on the private sector to uphold public values.

The Federal Government’s adoption of the new model to distribute funds between private schools has resulted in greater inequality of access to schooling. The largest increases in per student funding have been allocated to the highest fee schools. Not only can private schools select the easiest students to teach, but the Federal Government ensures that the most favourable of four different funding approaches is applied to each private school.

Schools and snobbery

There is a widespread view that the extension of private schooling, and especially the role of elite schools, is entrenching class divisions in Australia. At elite private schools, the school population is largely comprised of students from the same socio-economic group because only wealthy families can afford to send their children to these schools.

It has always been accepted that organisations must be accountable for the public funds they receive.

When students from elite schools do mix with other students, it is typically with students from schools of a similar socio-economic standing. The concern is that not only will students at these exclusive schools not learn ‘how the other half lives’ but that, as a result of their social isolation, they will develop elitist values and behaviours.

Our Newspoll survey reveals that 58 per cent of Australian adults believe that expensive private schools promote snobbery in society. Respondents in Sydney were more likely to agree than those in Melbourne.

There appears to be a deep uneasiness in many sections of the Australian community about the social

“It is good for children of different ethnic and religious backgrounds to mix at school” (per cent)

	Male	Female	Sydney	Melbourne	Total
Strongly agree	87	84	83	87	85
Partly agree	10	12	12	10	11
Total agree	97	96	95	96	96
Partly disagree	1	1	1	1	1
Strongly disagree	1	2	2	2	2
Total disagree	2	3	3	3	2

implications of the rapid expansion of private schools. The public values that schooling has always meant to promote appear to have been neglected in the shift from public to private schools.

Equality of opportunity, the right of all children to a high-quality education and respect for ethnic and religious differences are being eroded by some aspects of the growth of private schools, and this calls for greater accountability in the disbursement of public funds.

It is perhaps for these reasons that a majority of Australians do not believe governments should be facilitating the growth of private schools. Only one third of respondents to the Newspann survey agreed with the statement that policies to increase the percentage of children going to private schools would be good for Australia. Even among parents who send their children to private schools there is considerable doubt about the social value of promoting the sector, with less than

half believing the promotion of private schools to be good for Australia.

Our Newspann survey reveals that 58 per cent of Australian adults believe that expensive private schools promote snobbery in society.

While the rhetoric of 'choice' in the schools debate is prominent, parents have repeatedly stated that they would like to choose to spend more public

money on education instead of receiving tax cuts. This preference has been ignored.

Parents are then asked to choose between a public school system that, in some instances, does not live up to the their expectations, and a private school system in receipt of a growing amount of Federal Government funding. For some parents, the personal choice to send their children to a private school is made because their public choice of greater funding for government schooling has been ignored. ■

Deb Wilkinson

Come to our Christmas gathering

Members of the Institute are invited to an end-of-year celebration on Tuesday 14th December at 5:30 pm. To be held at the Innovations Building on the campus of the Australian National University, Canberra, it will begin in the small lecture theatre with a 30-minute talk on the latest thinking and research work from Institute staff.

Drinks and nibbles will follow at which members will have a chance to swap ideas and meet staff and Board members.



ATO to investigate Institute's claims of tax dodges

Following the concerns raised in the Institute's web paper, Tax Deductibility of Donations to School Building Funds, which highlighted questionable practices by some private schools, the Australian Taxation Office has announced that it will be investigating school building funds as part of its compliance program.

The ATO wrote to the Institute foreshadowing a crack-down and subsequently released a public statement indicating that it 'will be reviewing endorsed SBFs to confirm their status as deductible gift recipients and the tax deductibility of donations made to them, including examination of:

- * whether gifted money has been used for purposes other than the acquisition, construction and maintenance of a school building, and
- * practices in relation to soliciting donations and whether accepted gifts satisfy the requirements for tax deductibility.'

This is welcome as the Institute's research uncovered several cases where schools pressured parents to pay 'voluntary' contributions to school building funds.

The larger issue of the extent of unreported subsidies in the form of 'tax expenditures' for the wealthiest private schools is one that we hope Federal Parliament will consider.

The next gender wars

In a follow up to an earlier discussion paper, Barbara Pocock has analysed the looming gender war over household work and child care in Work and Family Futures: How Young Australians Plan to Work and Care (Discussion Paper 69).

John Howard has referred to work family balance as a barbecue stopper. But while the current election campaign features competing tax and welfare policies designed to make juggling work and child care easier, the problems run much deeper than whether child welfare payments should be paid fortnightly or in a lump sum at the end of the year.

"You've got to share, otherwise she'll divorce you."

Young men and women have significantly different expectations about who will clean their houses and mind their children. A significant mismatch between the desires of men and women is likely to persist as fewer young women are keen on exclusive maternal care than their prospective partners perceive. This gendered gap regarding the traditional breadwinner model is suggestive of some lively debates about work and care in these households of the future.

In order to better understand these emerging issues, 21 focus groups comprising Year 6 and Year 11 males and females (aged 10 to 18 years) from high and low socio-economic situations in both urban and rural locations were convened. In total, 93 young people were consulted for the study.

Most young people in this study assume they will live in dual-earner couple households and share the care of their children with their partner. These objectives can be expected to drive a continued decline in the traditional male breadwinner household and continued growth in dual-earner households.

As shown in the table, although most young men and women plan shared parental care of their children, some young men take it for granted that their partners will assume this role. By comparison, a much smaller proportion of young women plan traditional maternal care while a larger proportion foresee a pattern of intermittent maternal care, shared with extended family, partners and formal childcare. The plans of these young people with respect to the division between work and childcare demonstrate some significant mismatches between the genders.

While young women foresee working around their care responsibilities, the reverse is true of many young men who expect to engage in care around their work with plans for childcare being contingent upon job flexibilities. They will 'lean' against the door of workplace flexibility, but if it does not fall open they will leave the nurturing to their partners, the default carers.

Many young women hold high expectations that their own mothers will back them up in their labour market participation by taking care of their grandchildren.

There are few signs of 'A New Australian Wife' who, having witnessed her mother's efforts to hold down a job while performing the bulk of the child raising, is intent upon finding a wealthy male breadwinner to earn while she devotes her time to the children. It is likely that the plans of young people with respect to extended family care and shared care with partners will be sorely tested by reality – both in terms of workplace flexibilities such as leave, and availability of grandparents. This will probably drive continuing growth in the demand for formal childcare.

"I am not going to do all the housework and look after the baby all by myself. He will be doing it as well."

Three models for the allocation of domestic work are evident from the ideas of these young people: shared, outsourced or performed exclusively by women. As the following quotation shows, there is evidence of tactical planning on the part of both sexes as they attempt to manipulate the situations that they want.

You've got to share, otherwise she'll divorce you. You should be able to help for the first few years [of marriage] then it might wear off... (Kevin, 17, Country High)

Young people's plans for care of children (per cent)			
	Males	Females	Persons
Sharing between partners	30	40	40
Intermittent maternal care	15	28	23
Traditional maternal care	36	16	24
External care by family or formal institutions	9	14	12
Paternal care	0	2	1
Total	100	100	100

Despite the widespread existence of two income families today, male resistance to housework remains strong, and is likely to do so into the future.

Fingers crossed - in my situation - I'd probably, with the kids, let my wife be at home, be a housewife, so when I come back from work she'd have the food ready, the house nice and clean just for me to relax and spend time with my kids and all that. (Sebastian, 17, Strive High)

Young women, however, are keen to share and know they will have to 'start strong and stay strong' to persuade their partners to agree.

You know, I'll be helping full-time [in paid work], I expect shared responsibility. I am not going to do all the housework and look after the baby by myself. He will be doing it as well. No more the woman's work, you know, it's going to be a shared household.

The table provides data on the plans for the allocation of housework by gender. It shows that there is a substantial difference in the expectations of young men and women about whether women will perform most of the housework. A related mismatch exists between the perceived need for external help with housework, with 23 per cent of females expecting to rely on such help compared to only six per cent of males.

Young men will "lean" upon the door of workplace flexibility, but if it does not fall open they will leave the nurturing to their partners.

Plans for the allocation of housework (per cent)			
	Males	Females	Persons
Sharing housework	47	59	55
External help will do it (cleaner, maid)	6	23	17
My wife will do it (male)	41	0	15
I will do it (female)	0	16	10
My husband will do it (female)	0	2	1
Other (eg robot)	6	0	2

Over half of those in the focus groups would like to see domestic work generally shared, an impulse which is stronger amongst young women than it is amongst young men who, in surprisingly large proportions, expect that their partners will do it ('fingers crossed' as the respondent above put it). A small proportion of young women anticipate this and some hope young men will 'mature into' housework. Thus a significant mismatch of preferences is evident, with a gender struggle over housework likely to persist.

The continuation of the long-term decline in male breadwinner households (with children) and the growth of dual-

earner households seem certain. The suggestion is that, as more families face the demands of two parents who work while having responsibility for dependents, the tensions around work and family will increase rather than diminish in the future. This study gives no succour to the optimistic hope that the allocation of unpaid work is moving briskly to a fair allocation between the sexes, or that the heat of discussion around this issue is likely to be cooler than it has been amongst an earlier generation. ■

Barbara Pocock

More spent on pets than on foreign aid

Australians spend more on their pets than on foreign aid according to a recent Institute web paper entitled *Overconsumption of Pet Food in Australia*. The paper estimated that Australians spend over \$2.2 billion each year on their pets compared to foreign aid spending of around \$1.8 billion.

In 2003 Australians spent over \$1.2 billion on pet food, \$169 million on other pet products and more than \$700 million taking pets to the vet. Some doggie 'treats' retail for over \$100 per kilo while diamond jewellery, buoyancy vests for dogs and sleeping bags for ferrets, costing hundreds of dollars, are also now on the market in Australia.

Expenditure on such luxury goods is associated with the 'humanisation' of pets. That is, pet owners are increasingly projecting human emotions and desires on to their pets and, having done so, they then set

about addressing these newly identified 'needs'.



This demand for ever more expensive pet products is coming at a time when, according to a Newspoll survey commissioned by The Australia Institute, 62 per cent of Australians agreed with the statement that they could not afford to buy everything they really need, including 47 per cent of people in households earning over \$70,000 per year.

While there is no doubt that pets bring joy to the lives of millions of Australians there is also no evidence to suggest that a dog appreciates a \$100 toy any more than a \$1 toy. ■

Quotes from the Tenth Anniversary Dinner



The Australia Institute celebrated its ten-year anniversary with a dinner at Old Parliament House on August 4 and we were reminded of just how much had been achieved. The MC, Geraldine Doogue, praised the Institute's Executive Director Clive Hamilton for not running away from the hard questions and for getting those same questions asked on the front page of the nation's newspapers.

The keynote speech was given by Tim Flannery who said Clive was "one of the rarest things on the Australian social scene and that is a true patriot, someone who really cares for this country".

Sharan Burrow, an Institute Board member and president of the ACTU, wrapped up the night with an uplifting speech in which she said, in part:

What an amazing ten years!

This is a fantastically precocious ten year old and I think she is fantastic. She is gregarious, she's loud, she's opinionated, she's determined, she's tenacious and she's provocative and aren't we glad she is. Not the top of her class, but in a celebratory sense and a really sad sense, the only one in her class.

We see the demise of independent research, challenging commentary and innovative ideas in Australia and in that context this Institute stands tall and makes us incredibly proud to be associated with it.

The Australia Institute is a touchstone for any of us interested in social policy, political trends, economic theory, infrastructure, just how you feel about the world.

There is not much in public or private life, and the intersection of those two, that the Institute has not had a go at and it is amazing stuff.

Clive Hamilton's speech, in which he reflected on the role of think tanks and the challenges they face, is available on the Institute's web site.

Allies fall out over issue that never was

Claims by the Bush Administration that Labor-inspired laws to protect drug prices under the PBS jeopardize the US-Australia Free Trade Agreement are ironic given that the Australian Government insisted throughout the negotiation process that the PBS was not even on the negotiation table.

"Trade Minister Mark Vaile dismissed the Australia Institute's call to remove the Pharmaceutical Benefits Scheme

from the US-Australia free trade agreement negotiations saying the Americans have already stated they are not going after the PBS. 'You can't get it any clearer than that and that came from the American side, nor our side,' said Minister Vaile", *ABC Radio*, May 19, 2003.

"A spokesperson for Trade Minister Mark Vaile said the Government was committed to the (PBS) scheme and

that the US had so far not requested for any changes to be made to it", *Sunday Telegraph* August 3 2003, p. 2

Senator Campbell: "The Prime Minister and the Minister for Trade have both made it very clear that the PBS is not on the table. ... I should also add that the United States has made no proposals to Australia regarding the PBS", Senate Hansard, 2 December 2003, p. 18638. ■

Looking into the 'Too Hard' basket

Much is said about the need for policy reform but the effectiveness and efficiency of previous reforms is often overlooked. In a new Institute discussion paper, Public policy, Complexity and Rulebase Technology, Howard Pender considers the impact of increasing levels of complexity on the equity, efficiency and accuracy of the system.

It has been estimated that the number of pages of tax law has increased from 120 pages in 1936 to about 7000 pages in 2003. Tax law is not, however, the only area to have witnessed a substantial increase in complexity, with the amount and complexity of legislation, regulation and administrative rules burgeoning in a wide range of areas.

As a result of this rise in complexity there has been a deterioration in accuracy. For example, an audit of accuracy in Centrelink, the Commonwealth agency responsible for the distribution of welfare payments, has recently revealed that an estimated one million mistakes had been made by the agency over a four month period.

In some areas of public policy, complexity has increased to such an extent that the impact of sections of some bodies of legislation can no longer be described as 'the rule of law'.

Complexity is often treated as a hidden free good in discussions of public policy and public administration in Australia and many other Western countries. An architect commissioned to design a new building might consider criteria such as visual appeal, energy efficiency and materials availability when producing a design. But as the architect increases the degree of structural complexity of the building the client, the builders or the potential tenants will at some stage say 'no'.

Further, architects considering renovations to a house would be derelict in their responsibility if they proposed second storey extensions that could not be supported by the foundations of the original building. But that is what policy makers regularly do.

In much public policy discussion and formulation the feedback loop between the architects of public policy and the practitioners who implement it is very

weak or non-existent. Political, bureaucratic and academic discussions of public policy often deal with criteria such as economic efficiency, social equity, justice, environmental impact and administrative cost but traditionally they have dealt with complexity and accuracy in a cursory, anecdotal fashion, if at all.

The ability of administrative agencies to hide inaccuracy, which inevitably results from complexity, has contributed to the lack of feedback. In some areas of public policy, complexity has increased to such an extent that the impact of sections of some bodies of legislation can no longer be described as 'the rule of law'. In particular

situations, this impact comprises a random element potentially as capricious as the decisions that would result from the delegation by law makers of a high level of discretion.

Hope for the future

Two recent developments are beginning to introduce a small measure of feedback into the legislative cycle. First, attempts are being made to measure accuracy in a statistically valid manner. Secondly, information technology has developed a class of product, 'rulebase' technology (RBT), to enable a set of private or public rules to be modelled and then administered with very high standards of accuracy.

Public sector use of RBT in particular areas could afford several benefits, including substantial reductions in public administrative costs over the life-cycle of bodies of legislation that have been developed using the technology. On the basis of private sector experience

The number of pages of tax law has increased from 120 pages in 1936 to about 7000 in 2003.

with RBT, an additional likely result would be a notable reduction in the private costs of accurately complying with laws. Considerable improvements in accuracy will result in a more equitable and just application of law.

The main benefits likely to result from wide-spread public sector use of RBT in future are twofold. A greater focus on the problems currently caused by complexity (for example, high levels of inaccuracy) in public administration is a likely outcome.

In addition, better informed discussion of the costs and benefits of higher levels of complexity and the impact of complexity on public policy performance criteria such as efficiency, equity and administrative law values can take place prior to the introduction of new legislation. Legislative changes aimed at reforming areas such as tax and social security are essential to the development of a modern society.

However, the process of incremental change cannot be pursued indefinitely without regard to the impact on the complexity and, in turn, the accuracy and fairness, of the legislation. RBT is an important technological development in this regard. ■



Health insurance tricky for the old

The Commonwealth Government has recently announced an extension of the multi-billion dollar private health insurance rebate, lifting the 30 per cent subsidy to 35 per cent for 65 year olds and 40 per cent for 70 year olds.

However, according to an analysis by the Institute, 65 year olds who respond to the higher rebate by taking out private health insurance will pay 35% more than they would have before the changes in health insurance introduced in 2000.

Under Lifetime Health Cover, those over 30 who do not have private health insurance must pay premiums two per cent higher for every year they are over 30, with a maximum loading of 70 per cent payable by people who first take out hospital cover at age 65 or older. Even without accounting for increasing premiums in recent years, a 65-year old will pay more for a private health insurance policy than in 1999 before the changes.

While the new changes are unlikely to encourage older Australians to take out health insurance, the number of young people with cover continues to decline. According to official Government statistics released in August, more than 173,000 people aged under 40 have abandoned their private health insurance in the last two years, with over 36,000 people under 40 leaving in the last quarter. ■

Remember that our address is now:

**Level 1
Innovations Building
Eggleston Road
ANU ACT 0200**

**Email remains the same
but
Phone No. is 6125 1270
and
Fax No. is 6125 1277**

Australians still the world's worst greenhouse gas emitters

Discussion Paper 66, *Greenhouse gas emissions in industrialized countries: where does Australia stand?* by Hal Turton, shows that Australians are still the highest per capita greenhouse gas emitters in the developed world.

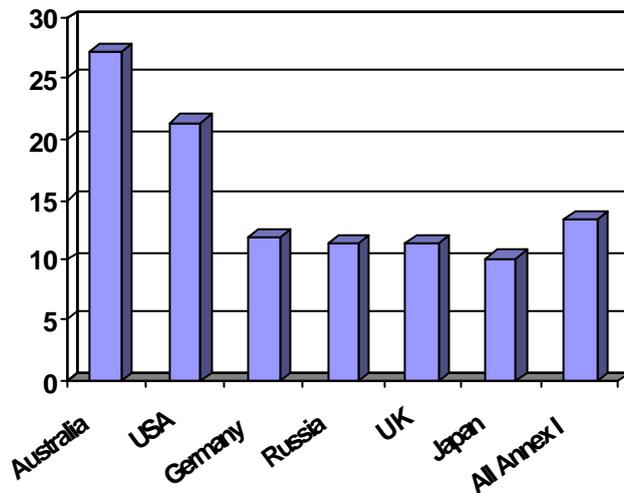
The Institute's latest study on greenhouse gasses shows that per capita emissions by Australians are 27 per cent higher than those of US citizens and more than double the average for industrialised countries. Australians remain the highest emitters per person of all industrial countries.

When measured on a comprehensive basis, Australian per capita emissions

were 27.2 tonnes of carbon dioxide equivalent. In comparison the figure for the next big polluter, the USA, was 21.4 tonnes. The main culprits are Australia's electricity generation mix, road transportation and aluminium production.

The high levels of emissions from these sectors are not caused by underlying intractable physical or social constraints, nor are they based on economic imperatives. However, influencing these activities and bringing about a significant reduction in emissions will take time, highlighting the need for early, consistent and sustained policy action. ■

Greenhouse gas emissions per capita for selected countries, 2001 (t CO₂-e)



Phew, that's a relief!

Steve Liebmann (24 August): So Clive Hamilton from the Australia Institute has got it wrong [on private health insurance]?

Prime Minister: Well, I disagree with him. I mean, I'm not saying he's a bad man or he's making that up, but I'm just saying that the advice I have is that it will essentially reward people who already have private health insurance ...

Climate Follies

In his recent public lecture on “Climate Change Policy in Australia”, Institute Director Clive Hamilton responded to the ten silly excuses used by the Federal Government to refuse to ratify the Kyoto Protocol. Here is a summary. The full paper is available on the Institute’s website.

Silly Excuse No. 1. Developing countries are ‘exempted’ from the Protocol

Fact 1: Climate change is caused by increased concentrations of greenhouse gases in the atmosphere and it will be 50 years or more before developing countries match the pollution of the rich countries over the last two centuries.

Fact 2: In per capita terms developing countries typically have one tenth to one twentieth of the emissions of the USA and Australia.

Fact 3: Although rich countries are overwhelmingly responsible for the problem, poor countries will suffer most of the impacts of climate change.

Fact 4: The principles of polluter pays and ability to pay mean that a wealthy country like Australia with high emissions should do much more than poor countries with low emissions.

Silly Excuse No. 2. Our energy exports make us more vulnerable

The greenhouse gas emissions from our energy exports have no bearing on Australia’s obligations at all. They are counted in the country where they burned. Other countries may decide to import less fossil fuels, but there is nothing Australia can do about that, except perhaps to try to sabotage the Kyoto Protocol.

Silly Excuse No. 3. Australia’s fossil-fuel dependence makes it harder for us to cut our emissions

A little thought reveals that in fact the opposite is more likely to be the case. The cost of reducing emissions depends not on how much fossil fuel is burnt but how efficiently a country burns it. If it is used wastefully then it will cost less to reduce consumption.

As an analogy, it is sometimes said that to reduce emissions those responsible



will first ‘pick the low-hanging fruit’. If more fruit is wanted then more effort must be expended getting it from the higher branches. Compared to most other OECD countries, Australia has not yet picked the low-hanging fruit. This is because fossil fuels in Australia have been cheap and abundant.

Silly Excuse No. 4. Kyoto is not in our economic interests

The Government’s own modelling concluded that the economic cost of the Kyoto Protocol in 2010 will be higher if Australia does *not* ratify the treaty than if it does. This is because actions by other countries (such as Japan reducing

This eight week wait before we become twice as rich is the basis for the repeated stories about the huge economic costs we will face.

its coal imports) will have a negative economic effect, which we could partially offset if we started to cut our emissions too.

Although the modelling concluded that we would be better off in 2010 if we ratified, it calculated that we would be

economically worse off in 2020. By 2020 Australia’s participation in the Kyoto Protocol is estimated to reduce real GNP by 0.51%. If Australia refuses to ratify then the effect of Kyoto would be to reduce real GNP by 0.30%, so ratification is responsible for a decline in real GDP in 2020 of 0.21%.

But how painful would it be to see our real GNP reduced by 0.21%? Under business as usual Australia’s real GNP will exactly double on about 1st December 2020. According to the model results, if we ratify the Protocol then

If Australia is going to meet the target anyway, why not ratify the Kyoto Protocol and spare ourselves all of the international opprobrium.

our GNP will not double until the end of January 2021, a delay of eight weeks. This eight week wait before we become twice as rich is the basis for the repeated stories about the huge economic costs we will face.

Silly Excuse No. 5. Ratifying the Kyoto Protocol will result in massive job losses

The studies on which these sorts of claims are based range from the dubious to the ridiculous. For example, the Allen Consulting report which the Government seized upon suffered from several simple but vital errors. To pick out only two:

1. It attributed all claimed job losses to ‘Australian compliance’ with the Kyoto Protocol, yet most of its forecast job losses are due to decisions by governments overseas.
2. It completely ignored the two largest tranches of emission cuts in Australia

that are available at no cost or very low cost, namely, accelerated energy efficiency and the end of land clearing.

Coincidentally, every one of the errors and misinterpretations in the Allen Consulting report had the effect of exaggerating the apparent costs to GDP and employment of meeting Australia's Kyoto obligations.

Silly Excuse No. 6. Australian firms will shift off-shore if we ratify

The aluminium industry makes the loudest threats to move off-shore. The six aluminium smelters enjoy very cheap electricity from long-term contracts signed with state governments. Why

Respectable corporations nowadays don't threaten to take their dirty factories to poor countries so they can exploit lax environmental laws.

would an aluminium company shift a smelter with a 30-40 year life span to a developing country to escape greenhouse restrictions in Australia, when everyone accepts that developing countries too will have to take on emission-reduction obligations within a decade or so?

In fact, the greenhouse gas emissions per tonne of aluminium smelted are higher in Australia than any other country, so if Australian smelters shifted anywhere else global emissions would probably fall. Besides, respectable corporations nowadays don't threaten to take their dirty factories to poor countries so they can exploit lax environmental laws. Yet that is how the Federal Government seems to view them.

Silly Excuse No. 7. Australia can still participate in international emissions trading even if we do not ratify the Kyoto Protocol

At best this is wishful thinking; at worst, the Government is wilfully misleading Australian businesses. The

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Keeping it in the family

On 6th May the Prime Minister hosted a meeting with the heads of major fossil fuel producing and using firms, including Alcoa, Edison Mission Energy, BHPBilliton and Boral. A set of meeting notes made by Sam Walsh, Acting Chairman of Rio Tinto, fell off the back of the proverbial truck.

The Prime Minister, flanked by senior advisers and public service heads, opened the meeting by saying he was looking for policy ideas to head off the Tambling report, which his Government had commissioned to consider the future of energy policy. Grant Tambling, a former Coalition senator, recommended the extension of the Mandatory Renewable Energy Target (MRET). This was the wrong answer.

Instead of extending MRET the PM planned to set up a \$1.5 billion technology fund and wanted some ideas that would pass the "pub test". Later in the meeting, the Environment Minister Ian Macfarlane said that MRET had worked "too well" in stimulating investment in renewables, especially wind power. Ignoring existing renewable energy, which is commercially available and raring to go, the Government has convinced itself that we cannot reduce our greenhouse gas emissions without major technological breakthroughs. This is code for protecting the coal industry, mainly through the promotion of geosequestration.

This is why the Government can say that MRET has worked too well and so must be abolished.

Minister Macfarlane noted that there had been a "roaring silence" from industry after the Tambling report, except for the renewables industry which had been "very vocal and in some ways the Agenda has got away from us". Mr Walsh noted:

"He commented that the Sydney Morning Herald and the media had created a problem for Government and there was a need to convince the SMH as well as the PM's 'pub test' as the matter had become very political."

"There was a need", Minister Macfarlane said, "for the Government to defend themselves from Mark Latham's thrust to sign Kyoto and implement a 5% MRET scheme by 2010".

After further discussion the Minister closed the meeting stressing the need for "absolute confidentiality". "He said that if the Renewables Industry found out there would be a huge outcry."

Another document leaked at the same time was a copy of an email sent by Lyall Howard, PR chief at Rio Tinto and a nephew of the Prime Minister, to the big fossil fuel companies and industry associations. It described, two weeks before its release, the Prime Minister's Energy Statement and how industry should react to it. The recipients are instructed to say that industry "welcomes the joint greenhouse program" and that "Alternative policy approaches are against the national interest...".

Both documents can be viewed under What's New on The Institute's website – www.tai.org.au.

Institute notes

New Publications

D. Wilkinson, R. Denniss and A Macintosh, *The Accountability of Private Schools to Public Values*, Discussion Paper 71, August 2004.

C. Hamilton, *The Disappointment of Liberalism and the quest for inner freedom*, Discussion Paper 70, August 2004

B. Pocock, *Work and Family Future: How young Australians plan to work and care*, Discussion Paper No. 69, August 2004

R. Denniss, *Overconsumption of pet food in Australia*, Web Paper, July 2004

C. Hamilton and A. Macintosh, *Taming the Panda: The relationship between WWF Australia and the Howard Government*, Discussion Paper No. 68, July 2004

H. Pender, *Public Policy, Complexity and Rulebase Technology*, Discussion Paper No 67, June 2004

H. Turton, *Greenhouse Gas Emissions in Industrialized Countries: Where does Australia stand?*, Discussion Paper No. 66, June 2004.

Forthcoming Publications

*Geosequestration: The answer to climate change?

*Trade agreements and food safety

*Commuting time and family relationships

*Border tax adjustments for greenhouse taxes

*Compensation and property rights

*Indigenous heritage protection

*The impact of HECS debts on fertility

*Older workers and hidden unemployment

Climate follies from page 11

European Emission Trading System explicitly allows the scheme to be linked up with trading schemes in other countries, but only if they have ratified the Kyoto Protocol. The same goes for the Kyoto trading system.

The decline in land clearing emissions since 1990 has masked the relentless increase in emissions from all other sources.

Silly Excuse No. 8. Cuts required by the Kyoto Protocol are too small to make a difference, so why bother?

This claim is astonishing for its gall. When former Environment Minister Robert Hill returned from Kyoto he reportedly received a standing ovation from Cabinet because he had secured such a lenient deal for Australia. At subsequent conferences Australia has worked tirelessly to water down the Kyoto agreement. Now they complain that Kyoto was not tough enough!

Silly Excuse No. 9. Australia will meet its Kyoto target anyway

The normal rules of logic would suggest that if we are going to meet the target anyway, then why not ratify and spare ourselves all of the international opprobrium. This is a question the Government refuses to answer. This is because emissions from the most important sectors (transport and stationary energy) continue to grow rapidly. It is possible for the Government to claim that Australia is on track only because we have been playing our special get-out-of-jail free card, the famous or notorious 'Australia clause' on land clearing.

The decline in emissions from land clearing since 1990 has masked the rapid and relentless increase in emissions

In absolute terms our emissions are higher than those of some major European countries such as France and Italy.

from all other sources, and especially the electricity and transport sectors. Australia will go close to meeting its Kyoto target because the governments of NSW and Queensland have been restricting land clearing.

Silly Excuse No. 10. Australia contributes little to global greenhouse gas emissions

This argument has no moral basis. As an analogy, Kerry Packer could argue that since his taxes amount to only 0.01% of all tax collections in Australia, it will not make any difference if he refuses to pay his taxes. But we know that Mr Packer's refusal to pay would undermine the integrity of the tax system, and many others would refuse to pay.

Besides, it is simply untrue that Australia's emissions are too small to worry about. In absolute terms our emissions are higher than those of some major European countries such as France and Italy and only 20 per cent lower than those of the UK. So if Australia's emissions are too small to worry about so are those of Italy, France, UK, Spain and Canada. ■