

TITLE: Targeting meaningful change

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The ACT's intention of setting a 40 per cent reduction in carbon emissions risks becoming irrelevant in the current political climate.

What is the point of Canberra's 40 per cent emission reduction target? If you thought it was to help reduce Australia's greenhouse gas emissions then you should probably be far more concerned with the current negotiations between the Gillard Government, the Greens, Rob Oakeshott and Tony Windsor.

Put simply, unless those negotiations result in a national scheme that recognises the ambitions of Canberrans then the 40per cent target will be nothing more than an expensive gesture on the part of the ACT.

While the media focus is currently on the price of the interim "carbon tax" it is the Government's clear intention to move as quickly as possible to its old emissions trading scheme. And once that begins, the interaction between the ACT's targets and the national emissions cap becomes crucial.

Most people think that if they reduce emissions, or if their community reduces its emissions, then the overall level of emissions will fall. You can hardly blame people for thinking like that, it sounds like common sense. But common sense and the world of financial market trading have never had much in common. Indeed, most people freely admit that they have no idea how people who buy and sell money can make so much of it for themselves.

The inconvenient truth of emissions trading is that once you have set a national target for greenhouse gas emissions, neither individuals or communities have any capacity to influence the level of national emissions. If the Gillard Government decides that Australia should only produce one million tonnes of pollution, and in turn it issues one million permits to pollute a tonne of carbon dioxide, then decisions made by Canberrans to pollute less become irrelevant at the national level.

That is, if in the above example the ACT decided to cut its local emissions from 100,000 tonnes to 60,000 tonnes then all that would happen is that there would be a spare 40,000 permits that polluters in NSW, Victoria or any other state could buy.

What most people's common sense tells them is that if we pollute less, then the nation must pollute less, but this common sense overlooks what the "T" stands for in an "ETS". In an

emissions trading scheme the whole point is to trade the right to pollute from one person to another. Just as a disgruntled taxi owner who sells her taxi licence to another driver has no impact on the number of taxis on the road, so to the decision by Canberrans to reduce their emissions will have no impact on the overall level of pollution.

But it doesn't have to be this way. It would be possible for the Gillard Government, in its negotiations with the Greens and Independents, to develop a "cap and slice" scheme instead of a "cap and trade" scheme. That is, it is possible to develop a national scheme in which the decision by the ACT to reduce emissions by 40 per cent, or the decision by any state to subsidise renewable energy, would result in a reduction in the total number of pollution permits in circulation. For example, if the ACT Government can show that its actions have saved millions of tonnes of CO₂ why shouldn't the national target be reduced by that amount?

The previous climate change minister, Senator Penny Wong, spent two years trying to distract people from this flaw in the Government's scheme, but with all of the attention on the likely starting price and compensation arrangements the current minister Greg Combet has yet to be pressed on this point. But for those who want Canberra to help reduce Australia's greenhouse gas emissions rather than simply help polluters in other states time is starting to run out.

The ACT Legislative Assembly voted for Canberra to lead the country in its efforts to reduce greenhouse gas emissions and this leadership should be recognised. But unless the Gallagher Government and the ACT Greens demand that our local efforts to reduce emissions be taken into account in the design of any national scheme then our local leadership will in fact amount to nothing more than an expensive gesture.

Just because the public does not understand the interaction between the adoption of local targets and the development of a national scheme is no reason for our local representatives to run dead on the issue. Most Canberrans probably have no idea how the Commonwealth Grants Commission decides how much federal money our territory government receives each year, but I'm confident that all Canberrans expect our government to fight on our behalf.

Australia needs to do far more than it has to reduce emissions and the ACT can and should lead the country in that regard, but leadership requires more than the passage of targets, it requires the willingness to fight for the relevance of those targets.

It is possible to modify the proposed emissions trading scheme to ensure that the more effort Canberrans put into reducing emissions the lower Australia's overall emissions would be.

But just because it is possible to convert the proposed cap and trade scheme into a cap and slice scheme does not mean it will happen. Making it happen will require some real leadership on the part of our local representatives. The inquiry into the 40 per cent target discussed this issue. Labor's Simon Corbell understands how the scheme works, as does the Greens' Shane Rattenbury. If they have been talking to their federal colleagues about their determination for Canberra's targets to be more than a gesture they should let the community in on the result of those conversations. And if they haven't raised the issue, they should explain to the community why not.

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