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TITLE: The CPRS is pointless. It's Copenhagen that counts

AUTHOR: Dr Richard Denniss

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The Senate debate about the CPRS is getting close, and with views as diverse as those of Steve Fielding and Bob Brown it's likely to be a cracker. Unfortunately, while there might be plenty of heat in the debate, whether the CPRS gets up or not will make no difference to global temperatures.

That fact has nothing to do with the tired observation that Australia only accounts for 1.5 per cent of world emissions. When you realise that there are 192 countries in the world, which entitles you to around half a per cent each, 1.5 per cent is actually quite an achievement. And when you factor in that we account for only 22 million of the world's 6.7 billion people you get a clear picture of just how good at polluting we Australians really are.

The reason that the passage of the CPRS will have no impact on the world's emissions is simpler than that. The fact is, the CPRS is irrelevant. It is irrelevant to the level of Australia's emissions in 2020, and it is irrelevant to the world's emissions in 2020. Both of these levels will be determined at Copenhagen or soon after. The treaty that comes out of Copenhagen will make no mention of the CPRS or its pathetic targets. Why Malcolm Turnbull would stake his leadership on something so meaningless defies logic.

So if the CPRS is so pointless, what's all the fuss about? Unfortunately, it's the old story of money, with a little bit of spin thrown in. But before analysing the farce surrounding the CPRS, let's remove some misconceptions first.

The first thing that needs to be cleared up is that the CPRS targets have got nothing to do with the targets for Australia that will come out of the Copenhagen negotiations. As with Kyoto, Copenhagen will result in a series of different targets for different countries. Australia's target will be determined by international arm twisting. Our negotiators will be in there arguing for the kind of pathetic targets to be found in the CPRS while other countries will be trying to drag us into the range supported by the civilised countries. The end result will be driven by diplomacy, not the passage of domestic legislation.

The second misunderstanding is that Copenhagen is about creating an international emissions trading scheme. It's not. It's about setting targets for countries to meet. How they meet them is up to them. Individual countries can implement domestic emissions trading schemes if they want to but they are also free to have a carbon tax or introduce Stalinist command and control policies. Countries who want to pollute more than their

entitlement can trade with countries who want to pollute less. But Copenhagen is about developing targets for countries, not telling them how they should get there.

Thirdly, the world doesn't give a damn whether the CPRS is passed or not. In Australia we are often told that the passage of the CPRS is somehow central to keeping the whole international push to tackle climate change on track. Without the CPRS the whole thing might crumble. Yeah right. The big countries will sort it out between themselves, the only issue for Australia is which side are we running cover for.

So again, what is all the fuss surrounding the CPRS about?

Let's start with the money. Once Australia agrees to binding international targets at Copenhagen then something is going to have to change in Australia. Either we can reduce our emissions or we can spend a lot of money buying permits from other countries. The big polluters don't want to do either as both would cost them money. What the CPRS does is give the big polluters certainty – certainty that they can keep polluting, certainty that they will get lots of compensation, and certainty that the carbon price won't rise above \$40 per tonne.

The point that has been missed in the Australian debate is that if the deal out of Copenhagen means Australia has to reduce emissions, but the CPRS has already assured the big polluters that they don't have to lower their emissions, then something will have to give. That something will be the Australian taxpayer. If we are silly enough to give the big polluters 'certainty' while uncertainty about the outcome at Copenhagen remains then it will be the taxpayer who has to make up the difference. The taxpayer will have to pick up the tab for buying billions of dollars worth of credits from other countries while the CPRS gives a 'right' to the big polluters to carry on increasing their pollution.

You can see why the polluters are keen on rushing the scheme through.

And now for the spin. The Treasury modelling of the CPRS tells you all you really need to know about the CPRS. First, Australia's domestic emissions will be no lower in 2019 than they were in 2008. Second, the carbon price will be so low that no coal fired power stations will be forced to close down. Third, all of the 'reduction' in emissions will come from importing permits from other countries.

Put simply the CPRS talks a good game, but it just doesn't deliver.

The 'clean energy revolution' associated with the CPRS does not result in the closure of a single coal fired power station. The 'transformation' of the Australian economy does not even include higher petrol prices. And the 'international leadership' shown by Australia includes one of the least ambitious emission reduction targets in the developed world.

I can think of lots of reasons why Malcolm Turnbull might not want the leadership of the Coalition, but his party's hostility to the CPRS wouldn't be one of them.

Dr Richard Denniss is Executive Director of The Australia Institute www.tai.org.au