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TITLE: Threat to our carbon efforts

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As with all complex financial products, when it comes to emissions trading, all is not what it seems.

Common sense tells us that banks would never lend money to people who have little chance of repaying it, but the collapse of the American banking system taught us that they do.

Common sense tells us that the combination of the new national emission reduction targets with the ACT's existing 40 per cent target is better for the environment than either policy in isolation. Common sense tells us that because one plus one is two, one policy plus another policy must be better. But in the Alice in Wonderland world of emissions trading common sense is not the compass by which we must navigate.

Put simply, the introduction of the Commonwealth emissions trading scheme in its current form means that efforts made by the taxpayers of the ACT to achieve a 40 per cent emission reduction target by 2020 will have no impact on Australia's overall emissions. The national target fixes the amount of carbon emissions regardless of the actions of the ACT government.

This does not mean that the passage of the national carbon pricing scheme through the Lower House isn't a significant achievement. It is.

After 20 years of talking about it Australia is finally poised to make polluting forms of energy more expensive than clean ones which will, over time, begin to transform the way we use and generate energy.

But while at a national level the introduction of the scheme should be warmly welcomed by those who heed the scientists' warnings about climate change, at a local level the scheme makes life decidedly uncomfortable for those who have worked so hard to make Canberra a leader with its 40 per cent emission reduction target.

The problem is that the national scheme makes no mention of the ACT's target, nor does it create pollution permits for the dedicated use of Canberra's polluters. Rather, the new national scheme creates national targets and if the taxpayers of the ACT want to spend a lot

of money driving the ACT's emissions down by 40 per cent that will mean that there are more pollution permits available for polluters in other states.

This simple truth is understood by Minister Corbell and the Greens spokesperson on climate change Shane Rattenbury. But for reasons best known to them they are unconcerned by the fact that the new national scheme will negate any potential benefit to the climate of our local targets.

This observation of how the national emissions trading scheme and our local emission reduction targets interact, or more accurately, fail to interact, is not meant as a criticism of the motives of those who have pushed hard to make Canberra a leader in the climate policy debate. Nor does it suggest that state and local governments shouldn't have an important role to play in a well designed national approach to tackling climate change.

On the contrary, the conclusion that the national scheme renders our local 40 per cent target irrelevant to the level of national emissions is simply a description of how the proposed schemes will work.

If our elected representatives feel uncomfortable about this simple truth there are only two real options. They can try to spin their way out of trouble or they can try to do something to fix it.

The best way to spin this problem is to try and ignore it and, to date, this approach has been pretty successful. But when they are forced to confront this most inconvenient of truths the main argument put forward is that the goal of the 40 per cent emission reduction target isn't really to reduce emissions. Seriously, they argue that the real point of the 40 per cent target is to aid in city planning and awareness raising.

Based on my understanding of the science I support the pursuit of rapid emission reductions and based on my understanding of politics I support local communities showing genuine leadership on important issues. But based on my understanding of economics I have a major problem with the ACT spending a large amount of taxpayers' money in the pursuit of symbolic or city planning goals.

If it would actually reduce the amount of CO₂ in the atmosphere I would happily pay the price of meeting an ambitious ACT target, but given that it won't I would much prefer the money be spent on public transport or building energy efficient public housing.

While in the weird world of emissions trading one plus one doesn't always equal two, in the old fashioned world of the Territory budget it does and every million dollars we spend meeting a target that the Commonwealth legislation makes irrelevant is money that we can't spend investing in tangible assets that deliver tangible results today while preparing us for a lower carbon future tomorrow.

The only other option is for our elected representatives to urge our Commonwealth representatives to tweak the national scheme to ensure that the efforts of the ACT, and other communities, are not in vain. The legislation passed by the House of Representatives this week makes mention of the role of 'voluntary action' by individuals but not of state or local governments. Similarly, while the legislation says that voluntary action 'may' be taken into account in setting future targets it would not be hard to change that to 'must'.

Our local representatives have shown leadership in promoting the idea that Canberra can be an example of what a small community can do in tackling climate change. Unfortunately, unless they now show leadership on what a small community can do in influencing national legislation their previous efforts will be in vain.

The Clean Energy Future Bills are yet to pass the Senate and a range of technical amendments are likely to be introduced at that time. It is not too late for Simon Corbell and Shane Rattenbury to ensure that their good words are converted into good deeds. But they have no chance of achieving that goal if they won't even try.

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