**Oceans summit speech**

There's a rapidly growing terminology in the climate and environment space that everyone pretends to understand, but no one really does.  And this is really great for governments and industry because it means they can use these terms liberally without anyone really calling them out.

**Net zero**. That's one we've all heard. It does have a definition in fact most of these terms do but it is so *wildly* abused to the point that gas companies can report they are on the way to meeting their net zero targets while infinitely increasing their gas production and emissions.

**Nature positive** no one knows what it means. More trees on brochures mostly.

**Nature based solutions**

**Natural capital**

**Green finance**

**Climate finance**

**Green bonds**

These terms have different meanings depending on who you are, and, as a result,they're used to describe everything and nothing. An ecologist’s definition of nature positive is very different from the Australian Government’s or Pwc’s.

But broadly what we’re talking about here is the financialisation of climate change mitigation and conservation. The environment is now described as capital or an asset or a ‘solution’ that you can put a dollar figure on, and it can be traded or loaned or profited from. That’s not a tree it’s an asset.

Most of the buzzwords I mentioned relate to the terrestrial world. However, there is a new crop of oceans specific terms cropping up here in Australia and globally. The term blue economy has been around since 2012, but feeding into this financial and marketised narrative of the environment we now have:

**Blue carbon**

**Blue finance**

**Blue impact bonds**

**Reef credits**

**Ocean markets… some people are even trying to make whale credits a thing**

**Blue carbon** that’s how much carbon dioxide the ocean and coastal ecosystems can store… which is a good thing by the way… is being incorporated into carbon markets so that polluters…mainly fossil fuel companies… can fund things like mangrove restoration in exchange for being able to keep putting Co2 into the atmopshere. Or increase how much they’re putting into the atmosphere.

You would be aware that the Australian Government has gone to considerable effort since the 2022 election to talk up its action on the climate and environment including a lot about blue carbon. In an address to the UN oceans conference in June 2022 Minister for the Environment Tanya Plibersek declared that “under the new Australian government, the environment is back – front and centre”.

However, when the government talks about meeting Australia’s climate targets or restoring our collapsing ecosystems, the message is that and these are Minister Plibersek’s words - “governments can’t do the job alone” or “can’t foot the bill” and that the private sector needs to step in and help.

Which is fine, but what has been proposed is not making polluters pay for the damage they do, or even *stopping* the damage they do. The government is still allowing land clearing and approving new fossil fuel projects.

What has been proposed instead is creating something the minister called ‘green wall street’ which is apparently: “a trusted global financial hub, where the world comes to invest in environmental protection and restoration." That includes carbon and biodiversity markets and more recently the government has announced Sovereign green bonds to boost Australia’s green finance market.

We didn’t stop the Franklin River from being dammed with markets. We didn’t halt mining exploitation in Antarctica with markets, it wasn’t the private sector that stopped logging in the daintree with markets, the private sector didn’t protect the Tasmanian Wilderness – these are all Labor government initiatives by the way. But apparently private sector investment is the answer now.

And the finance sector is going absolutely off its nut over the prospect of ‘natural capital’ and nature markets. ‘Nature based solutions’ are being valued at hundreds of billions or even trillions of dollars - figures that are largely meaningless and impossible to prove or disprove. But apparently, we are meant to believe that it's possible to get rich and save our oceans, save our environment at the same time, it's just no one can say exactly how.

Notice I haven’t explained what any of this means yet?
How the private sector is actually going to slow climate change and save the environment?
You’re not missing anything. It’s because no one, not the government, not the banks, not the investors, not the asset managers, not the project managers… can say how markets for carbon and biodiversity or green bonds or climate finance or reef credits are going to work **or**where the money will come from.

And no one has said that wall street has habit of crashing.

The argument against allowing the private sector to save the environment and all these financing mechanisms isn’t ideological.  It doesn't stack up environmentally and it doesn’t stack up economically. It just doesn’t stack up according to market theory. The entire premise is wrong.

Ecosystems simply don’t meet the economic principles of profit maximisation and efficiency. Just because someone started calling it natural capital doesn’t mean you can treat it like capital. Capital is split to create more financial value and greater liquidity or flow of money in the system over all. You can’t create nature debt and split it into tradable packages like securities. You can't trade it on markets. You really can’t get much of a return on it unless you are selling it to someone who wants to claim that they are compensating for land clearing or fossil fuel expansion elsewhere. And this is what I will talk about in a panel session later today.

Wetlands restoration, for example, can deliver significant economic benefits – flood defences, rich wildlife habitats and, yes, carbon storage – but these can't easily be turned into an income stream unless they are in the form of carbon offsets.
Even when you *can* make money, the transaction costs of measuring and managing the wetlands are high. The benefits may take years to materialise. That makes for an unappealing risk-return profile for an investor. If you try to reduce costs and maximise and accelerate returns to make it more this is when fraud and cutting corners comes in - which is what has happened in Australia’s offset scheme and all over the world. Offsets have made people rich, but they’ve failed in their goal to decrease emissions and protect habitat.

The environment is what economists call a public good.

Think about how markets and privatisation have worked out for other public goods in Australia: childcare, education, airlines, aged care, disability services. The biggest and most devastating failures of privatisation have undeniably been where the government has decided to leave the care of our most precious and most vulnerable members of our community to market forces.  How’s that going to work out for our reefs?

When markets fail, when green wall street crashes, the government has to intervene anyway. We don’t have time for market experiments like this with our collapsing ecosystems. For delivering environmental outcomes, the most efficient and productive market is the one that isn’t created.

Climate and environment policy is cheaper, more effective and it’s more efficient when the government takes the lead. It makes sense environmentally and economically, and applies for both terrestrial and marine environments. We talk about the blue economy as if it’s a separate thing. The land, freshwater, and ocean ecosystems are closely interlinked and interdependent.
So must be their management.

We can actually put all those buzzwords aside.
We don’t need any of them.
Climate and biodiversity policy is as simple as:

**Stop doing the bad stuff.** Stop approving the fossil fuel projects causing climate change.

**Stop subsidising the bad stuff**. Stop paying for fossil fuel projects to cause climate change. Stop subsidising land clearing.

**Do good stuff.** Protect and restore ecosystems.

**Fund the good stuff.** Pay for it. Pay to restore wetlands and mangroves without a trade off.

And then…**Align all this stuff so it’s pointing in the same direction**. Make sure your policies are not contradicting each other.

Climate change is not the only threat, but it’s the *biggest* threat to our ecosystems, including our oceans.  Climate change affects water temperature, salinity, circulation and ocean nutrients. Australia's oceans are getting hotter and more acidic - it’s happening the fastest in the south -  resulting in an overall deterioration of the marine environment.

If we are to have any chance of slowing this trend down…we dont need markets…we need to stop doing the bad stuff first and foremost.

We are still doing harm. We are still driving climate change. State and federal governments are still approving and subsidising fossil fuel projects…land clearing is still happening at an astronomical rate…emissions from the transport sector are growing. To be clear, there is nothing wrong with private sector investment. That’s not what I’m saying. But the government has effectively got its foot on the accelerator and then saying the private market will take care of the brake.

An end to fossil fuel expansion and regulation is not a silver bullet but it’s a really good start.

There is a strong irony in the government claiming that it cannot afford to fund conservation without private capital while it is directly subsidising the expansion of industries like coal and gas which are contributing to the climate and biodiversity crisis. Collectively Australian governments give over $11billion annually in fossil fuel subsidies. Contrast that with the $15 million they’ve given in pilot projects for blue carbon over 4 years with the idea that the private sector will step in after that…

The cost of restoring and protecting the environment has been placed variously at $1-2 billion a year, with one estimate placing it as high as $16 billion a year. None of these figures are significant. Direct public spending on threatened species protection and conservation, incentives for landholders, direct funding for first nations communities to care for country are not sunk costs. If you have to talk about it in economic terms, they have been found to have high macroeconomic multipliers– much higher than spending on fossil fuel projects– which would see strong returns on investment for taxpayer funding.

As former Australian Treasurer, Josh Frydenberg, noted “Everything is affordable if it’s a priority”.

When the Australian Government says that it cannot ‘foot the bill’ for the environment it is more accurate to say that it does not want to. Aside from the fossil fuel subsidies, recent budget decisions by the Australian Government include the Stage 3 tax cuts which will cost over $300 billion, nuclear-powered submarines which are expected to cost over over $300 billion. The Australian Government arbitrarily allocates over two per cent of Australia’s GDP to defence spending as a ‘policy target’ even though climate change is the biggest national security threat we will ever face.

Funding the good stuff is great, but by itself isn’t enough. Unless all levels of governments enact and enforce effective policies aimed at conserving and restoring our environment, the situation will worsen no matter how many times you use the term nature positive and no matter how many reports PWC comes out with on this stuff.

Alignment of policies is vital. To go back to my earlier point about offsetting, what’s the point of funding coral reef research if you’re going to keep opening new coal mines? Those reefs are cooked anyway.

What’s the point of restoring coastal habitat if you’re going to keep cleaning land. It doesn’t just release carbon into the atmosphere it increases erosion and the runoff of sediment and pollutants into coastal waters.

What’s the point in investing in blue carbon if you’re just going to use it at as an excuse to open new gas projects?  Tanya plibersek herself said “if we are doing more polluting in one area, we have to compensate for that as a nation by planting trees or planting mangroves”. Why bother when you’re going to keep driving climate change - the those trees and mangroves are going to die.

We are being led to believe that the climate solutions lie in elaborate and innovative,profit-maximising financing mechanisms that no one understands… without any discussion of ending fossil fuel production or land clearing. In fact those climate solutions are being used to *distract* from fossil fuel production and land clearing.

We’re told that the most obvious policy solutions are naive and wildly unrealistic. This is while carbon developers are literally trying to work out how to turn entire whales into carbon offsets.

We know what works and it’s not buzzwords.
Thank you