Doctors for the Environment Australia
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Submission to the Senate Environment and Communications Committee: Enquiry into the Government's Direct Action Plan

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Submission from
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Doctors for the Environment Australia (DEA) is an independent health advocacy organisation of doctors and medical students in all states and territories.

The intent of Direct Action is the reduction of greenhouse emissions. We strongly support emission reductions and support any part of the Direct Action Plan which can be demonstrated to be effective. As a health advocacy organisation DEA expresses its opinion to the Senate Enquiry because any policy or regulatory mechanisms that effects a change in greenhouse gas emissions, directly or through associated or secondary social and environmental effects, will have health implications.

The Direct Action Policy has significant health dimensions since;

- Climate change is responsible for an increasing number of deaths and injuries throughout the world.

- A transition to renewable energies reduces air pollution which is responsible for much ill health and great costs in all countries that mine and combust fossil fuels.
  http://dea.org.au/images/general/How_coal_burns_Aust._-_True_cost_of_burning_coal_04-13.pdf

In our view climate change must be seen in the perspective of an increasing health and economic debility which will seriously affect the progress of humanity. To explain this, an analogy would be the impact of malaria in some developing countries which has interrelated and debilitating impacts on health and the economy in these countries. Climate change is already impacting lives, health, safety and budgets in all countries through extreme weather events and other mechanisms. We therefore deplore a government spokesperson referring to climate change as "The green delusion". This is distressing to the hundred of doctors who are our members and work tirelessly to protect the health of humanity.

In this context we address

v. the impact of the abolition of the Clean Energy Finance Corporation on the availability of capital for clean technology and industry investment.

The government is providing the community with mixed messages on this issue.

- Firstly it requires great skill or oversight to prepare a document of 31 pages on climate change and the reduction of emissions without mentioning the word "health" when the World Health Organization

defines climate change as "the defining issue for public health during this century".

- Secondly government statements are made that coal is cheap and renewable energy sources are expensive, yet Direct Action supports solar initiatives.

- Direct Action states "we will also make incentives available for the oldest and most inefficient power stations to reduce their emissions in an orderly manner".

DEA believes that Direct Action should be based on sound scientific principles and on economic rationalism, the two disciplines which are the basis of Western development.

So is coal cheap? No, it is expensive. It is inappropriate to cost a product without taking into account half the cost of producing it. A Government which espouses care for budgets cannot ignore the costs that are being imposed on health care.

We draw your attention to the comprehensive peer reviewed study from the prestigious Harvard Medical School on the full cost accounting of coal in the US. The study concluded that the damage caused by coal should double or triple the costs of coal-generated electricity.
Epstein PR, Buonocore JJ, Eckerle K, et al. Full cost accounting for the life cycle of coal. *Ann NY Acad Sci* 2011; 1219: 73-98.

Most importantly, we draw attention to a paper published in August 2011 by William Nordhaus one of the most respected economists in the US. It was the lead paper in American Economic Review, the leading economics publication, and the findings have not been contested by any other economists. Due to pollution, coal fired power generation was found to produce damages from 0.8 to 5.6 times its value added. In other words, the damage caused is worth at best 80 per cent of the net value of the industry and at worst 5.6 times greater.
http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.101.5.1649

These are remarkable findings which indicate at best that coal fired power generation has no economic value to the community. At worst the industry is a huge economic burden.

Most of these currently externalised costs arise from air pollutants released during combustion (and also mining and processing) of fossil fuels. There is now a large body of scientific evidence that confirms a direct relationship between a range of non-communicable diseases and ambient air pollution, primarily cardiovascular and respiratory diseases and lung cancer. These occur at air pollution levels found in Australian cities and coal mining communities.

The costs to health services are colossal. The Greater Metropolitan Sydney Region study (2005) for example estimated that air pollution in this region cost around $4.7b per annum. About half of this is estimated to be due to coal mining and combustion.

For the Prime Minister to say that coal is cheap implies that either he is badly briefed or the government has a conflict of interest due to its relationship with the coal industry. Either or both reduce his standing and that of the government and should be rectified.

To imply that renewable energy sources are economically unsound defies the evidence of a rapidly growing energy revolution which is powering some of the most economically competitive countries and will place them at economic advantage in the future.

It therefore defies economic logic to abolish the CEFC

- To DEA it represents a significant public health instrument to reduce air pollution by replacing coal with renewable energy which has minimal if any adverse health effects, thereby reducing health costs.

- Even without accounting for health externalities, the CEFC has proven economically successful and pays dividends to government.

- A continuation of its present role of investing $10b in low carbon technologies until 2020 would provide half the needed reductions in emissions for the 5% target.

When the government states:

"Through the Fund (Clean Energy Fund") we will also make incentives available for the oldest and most inefficient power stations to reduce their emissions in an orderly manner which protects jobs, electricity prices and energy security. 'Clean Energy Hubs' will also be established in the LaTrobe, Hunter and Central Queensland regions".

It must explain why the fund will be more effective than the CEFC which has a proven record.

We suggest the government build on the successes of the previous government rather than demolish and start again. We also suggest the building process includes adding public health input to the CEFC, in order to optimise decision making and give the maximum reduction in externality health costs.

Reducing air pollution has also been demonstrated to reduce health costs and to be highly cost-effective. The 1970 Clean Air Act in the US has been estimated to be saving $30 for every $1 invested (85% of this due to reduced air pollution).

CAFÉ (Clean Air For Europe) has calculated that increasing the EU greenhouse reduction target from 20% to 30% (in line with the IPCC recommendations) would save €6.5 – 25 billion annually in health costs due to lower non-greenhouse gas air pollutant emissions.

These differential health and economic effects resulting from climate change and from air pollution must be captured and represented for any analysis to be meaningful and representative.

xiii. the impact of cuts to funding for the Australian Renewable Energy Agency (ARENA)

Essentially we believe that the same principles apply to ARENA and we draw attention to the recent announcement of a feasibility study with Alinta into a solar thermal power station to augment or replace the existing coal fired generators in the South Australian township of Port Augusta.

The advantages to Australia are:

- The introduction of a non polluting technology to Australia which is already used successfully in several other countries.

- The reduction of health costs due to pollution in the city of Port Augusta.
  http://dea.org.au/images/uploads/submissions/Solar_Thermal_Power_Generation_-_Port_August_12-12.pdf

- The support for employment, technological innovation and renewal in a deprived regional/rural area of Australia.

- Ultimately economic- in the words of the late Mayor of Port Augusta, Joy Baluch, *"God is not going to send us a bill for solar energy, but the gas industry will"*.

Therefore we believe that the government needs to indicate the reasons why ARENA cannot be incorporated into the Direct Action Plan and if not why not. In effect Port Augusta would be a clean energy hub as described in the Plan which is intended to deliver.

> "incentives available for the oldest and most inefficient power stations to reduce their emissions in an orderly manner which

protects jobs, electricity prices and energy security. 'Clean Energy Hubs' will also be established in the LaTrobe, Hunter and Central Queensland regions".

We also make brief comment on other terms of reference

i. whether the Direct Action Plan has the capacity to deliver greenhouse gas emissions reductions consistent with Australia's fair share of the estimated global emissions budget that would constrain global warming to Australia's agreed goal of less than 2 degrees,

No, it does not, nor did the program of the previous government. The recent OECD report provides figures on Australia as a leading emitter. Australia is not fulfilling its responsibilities to its own people nor to those of other countries. We strongly recommend that Australia puts in place a target of 25% reduction in CO_2 emissions on 1990 levels by 2020, and that we use all necessary means to achieve this target.
http://dea.org.au/images/uploads/submissions/Caps_and_Targets_Review_Submission_05-13.pdf

ii. whether the Direct Action Plan has the capacity to reduce greenhouse gas emissions adequately and cost effectively,

We reserve judgment, in that sufficient information is not yet provided. We are concerned by the large number of leading economists expressing doubt on the potential effectiveness of the Direct Action Plan. These concerns extend to reputable international economic institutions such as Bloomberg New Energy Finance. DEA does not have the expertise to judge this issue but we believe the government should address these criticisms in detail.

xii. the ability of the Government and the Australian people to receive expert independent advice on an appropriate carbon pollution cap for Australia following the abolition of the Climate Change Authority,

In our view the retention of the Authority is essential; there should always be credible, alternative assessments to those provided by government departments.