

A Submission to the Joint Standing Committee on Treaties

“Inquiry into the Kyoto Protocol”

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Executive Summary

Having studied Australia's role in international environmental policy development over the last four years, my research indicates that it is Australia's best interests to ratify the Kyoto Protocol. I have studied the Kyoto Protocol from a cross-disciplinary perspective and have concluded that Australia would do more harm to its environmental, social and economic position if we do not make the Protocol legally binding.

In this submission I will address all four of the areas that are under consideration by the Joint Standing Committee on Treaties:

1. Ratification: Australia must proceed to ratify the Kyoto Protocol and it must be limited to an 8% increase in greenhouse emissions by 2008. It is suggested that Australia will have to do more in the future in order to address its environmental responsibilities considering its high per capita emission rate.

2. Science: Although there is a diversity of scientific opinion on global warming, my research indicates research that most resembles 'independent' investigations considers the outcome of global warming to be potentially catastrophic, with the Kyoto Protocol being only a partial and limited attempt to address this. It is at best a starting point.

3. Carbon Credits: I will suggest some criteria that Australia should develop and actively pursue in relation to carbon credits.

4. Carbon Taxes: Carbon taxes are an important punitive approach to domestic regulation of industry, it would not only display the nation's commitment to global warming solutions, but it would also target the worst polluters providing an incentive to reduce carbon related business practices and expenses.

Ratifying the Kyoto Protocol: The Possible Economic, Social and Environmental Implications

This submission argues strongly, on the basis of my research, that it is in Australia's best interests to ratify the Kyoto Protocol in order to play a significant global role in the commitment to reduce greenhouse gases. This is an important international commitment to environmental issues; it will encourage the Australian economy to shift towards 'greener' technologies and position themselves as a sustainable nation into the 21st century. Australia is likely to suffer if the Kyoto Protocol is not ratified. We must shift our social and economic dependence from greenhouse gas polluting energy sources to more environmentally sustainable energy sources in order to be a viable international economy and to maintain an environment that can sustain complex ecosystems and future generations.

Australia has already suffered enough international scrutiny as one of three nations being allowed to increase emissions, to fail to ratify such a position and adopt the domestic policies required to meet this obligation, the damage to Australia's reputation would be costly. Such a position is not only about the effect of the Kyoto Protocol on the economy and industry, it is also about an ethical obligation to play a role in the solution to a problem we helped create, and to respond appropriately to issues that are a matter of national and popular concern.

Ratification

Australia must ratify the commitment to limit the increase in greenhouse gas emissions to 8% over 1990 levels by 2008. In many ways Australia's refusal to cut emissions and negotiate in a manner that was deemed appropriate by the international community damaged Australia's reputation and further emphasised Australia's reluctance to commit themselves to environmental solutions. This is not the kind of international reputation that is good for the Australia national identity, nor does it make any economic sense in the long to medium term. Other nations will ratify and over time they will change the nature of their economy, and it is highly likely that they will penalise nations that have not made an equal contribution to a solution to global warming. Although a commitment to the Kyoto Protocol may mean that industry will have to outlay extra costs and households will need to change some behavioural patterns¹ in order to meet the national obligation – these will only be significant in the short-term. As the impact of global warming will inevitably require structural and systemic shifts throughout the globe, Australia is likely to receive a number of benefits over the long-term if we start this process now:

1. **Social** - Develop an international reputation as a global environmental leader. It also indicates the Government's responsiveness to popular will through a commitment to environmental change and sustainability (a Herald/AC Neilson-McNair poll found that 90% of Australian's were either "concerned" or "very concerned" about the environmental effects of global warming). There are also social justice issues that should be

¹ Such as consumption, use and size of cars, types of energy sources and use, recycling and waste disposal.

considered in making the decision to ratify the Kyoto Protocol. Australia has benefited materially and economically from a long history of polluting industry and should play its part in solving the problems it has helped create. This is essential for the long-term survival of the planet, and for the long-term viability of Australia as a 'developed' nation.

2. **Economic** – This Protocol begins the process of positioning industry in a global economy that will increasingly aim to be sustainable. If Australia does not commit itself to this now, the economic consequences over the long-term will be highly detrimental. We need to be at the forefront of environmental/energy research and development, environmental technological advancements and we need to orient industry towards these goals so that they can maintain international competitiveness over the longer-term as the impacts and responses to global warming become more apparent. Australia has many alternative energy options that require committed research in order to discover their potential – this will prove to be a lucrative market in the future.
3. **Environmental** – the ecological implications of global warming will not be abated by the Kyoto Protocol alone, but it is a solid starting point through which issues such as rising water levels, rising ocean temperatures and erratic climatic conditions can be addressed. It provides a starting point, through which industry and society in general can begin a process towards climatic stabilisation.

Science?

Although there has been conflicting scientific theories on global warming, there is overwhelming support within the scientific community that global warming is a reality and that the effects of such warming are likely to have a serious impact on the condition of the planet's natural environment. When considering the veracity of scientific opinion on global warming, the source of research funding cannot be ignored. There has been a considerable amount of research money spent by industries most likely to 'suffer' if legislation requires them to limit greenhouse gas emissions and find more environmentally sustainable processes. This has also been evidenced in the economic modelling that has occurred within Australia (such as MEGABARE and GIGABARE), with industry being represented on Steering Committees whilst neglecting a variety of community sentiments and different interest groups.

Scientists will admit that they are unsure about the actual effect of climate change, and what it will mean for the planet but the majority are sure that the planet's temperature is rising as a result of a combination of greenhouse gases (Bolin, 1998). There are some who argue that the environment will be better off, it will be warmer, damper and more fertile, others suggest that there will be catastrophic effects on the predictability of weather with freak storms, devastated crops, increases in tropical disease transmissions and so on. The reality is likely to be somewhere in between these. The unpredictability of the effects is not a reason for inaction, in fact, it should be an impetus to act so as to enhance the predictability of the effect.

Carbon Credits

A system of carbon credits holds a great deal of potential, combining economic and environmental goals into a mutually inclusive and beneficial system. The State Forests of New South Wales are currently being paid by corporations to plant and manage forests on land leased from farmers, and in return these companies get tradable emissions credits. The project has been so successful that even the Sydney Futures Exchange wants to create an electronic market for trading carbon credits.

As long as there are strict regulations related to how a company can earn carbon credits, and there is a strong national understanding of the source/sink relationship the system has great potential. The Government must also consider the ways that these sinks are created, as the cheapest option would probably lead to large scale planting of monocultures such as *radiata-pine*. Such a situation would not be acceptable in broader environmental terms, it may help to meet the required emissions limitations, but in the long run this does not set the nation on an environmentally sustainable path. The integrity of natural forests must be maintained, with additional attention being paid to cleared land that could benefit from the restorative effects of plantations that play a role in the carbon credit cycle. As the United States has tried a similar approach under The Clean Air Act, the lessons they have learned are important, as it seems that the process can be used for economic advantage without far-reaching environmental gain. This can be corrected through the use of appropriate mechanisms and monitoring.

There are a number of limitations if this process is not complemented by other mechanisms:

1. There are high administrative costs, which has been evidenced in the US.
2. Evaluating the effect of carbon credits and corresponding trading arrangements is difficult to evaluate.
3. An economic solution cannot be isolated from strong social and environmental management policies.
4. There needs to be changes in both energy production and energy consumption and carbon credits tends to address the former at the expense of the latter.

These are not impossible hurdles and with the right policy mix they can be addressed.

Carbon Taxes

Carbon taxes are another policy option that targets the inefficient consumption of energy and may play a role in developing an effective policy mix. It is important that the rate is sufficiently high to avoid polluting entities being able to profit off changes to the tax system. The advantage of carbon taxes is that they can be extended to include other pollutants, which is ideal considering that carbon dioxide is only one of many greenhouse gases. As with all revenue collection systems, the increase in revenue could be used in a variety of environmental initiatives.

Overall, I recommend that the Joint Standing Committee on Treaties ratify the Kyoto Protocol, as it is in the best interests of the nation from an environmental, economic and social perspective.

Should the Joint Standing Committee on Treaties require any additional information, feel free to contact.

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References

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