

Minority report by the Australian Greens

1.1 This important committee was established as a result of collaboration between the Coalition and the Greens with a view to receiving evidence about climate science for the first time. It also received evidence pertaining to measures complementary to the CPRS and on the CPRS itself. There was an overwhelming public response to the inquiry with over 8,000 submissions received. The great majority supported far stronger action on climate action than the Government is proposing with the CPRS.

1.2 Given that the Coalition and the Greens have diametrically opposed views about the urgency of addressing climate change and the extent of the greenhouse gas emissions cuts required to address this imperative it is not surprising that there is not a consensus report from this Committee.

1.3 Nonetheless, there were some areas of agreement, for sometimes very different reasons, including the most fundamental recommendation, which is that the CPRS not be supported in its current form.

1.4 The Greens had hoped that this inquiry would persuade government and non-government Senators about the scale and urgency of the climate change emergency. After describing the evidence (albeit downplayed) about the significant likelihood that the global emission reduction goals will be too weak to prevent dangerous climate change and that, without urgent political leadership, agreement to achieve those weak goals won't be achieved, the sole recommendation from the Committee is that the Government should once again review the cost of reducing emissions. This is, frankly, an extraordinary failure of comprehension and leadership. Therefore the Greens make this key recommendation:

Recommendation 1

1.5 Australia must enter the climate treaty negotiations at the end of 2009 with an unconditional commitment to reduce emissions by at least 25 per cent below 1990 levels by 2020 and a willingness to reduce emissions by 40 per cent in the context of a global treaty.

1.6 The main areas where the position of the Greens differs from the views expressed in the Chair's Committee Report are as follows:

Climate Science and Emission Targets

1.7 The Report's representation of scientific evidence presented to the Committee downplays the extent of the evidence suggesting that stabilising greenhouse gas concentrations at 450 ppm (the most ambitious objective being considered by the Government) would leave a high risk of dangerous climate change.

1.8 For example, Dr James Risbey (from Research and CSIRO Marine and Atmospheric Research but giving evidence in a private capacity) said:

...you will find that many of us feel that 450 parts per million is too high, that that does expose us to dangerous climate change. Essentially, it sets us up for a different climate system well outside the climate system that we adapted to as a civilisation. ..there is really no such thing as a safe target, but a safer target would be something that would be closer to 350 parts per million, because that would reduce the risk of exceeding two degrees Celsius to more moderate levels, so back down to the 10 or 20 per cent levels rather than the 50 to 90 per cent levels.. That is technically possible, but it would require targets much more stringent than those in the CPRS. The targets for 2020, instead of being in the five to 15 mark, would be nearer the 40 per cent mark, and for 2050 it means essentially 100 per cent reductions, so we need to be more or less carbon neutral in order to attain these targets with more moderate risks.¹

1.9 In addition to the scientific evidence, the Report does acknowledge that the Committee also heard that the ethical and moral imperative to respond to the risk of climate change was overwhelming. Further, the Report acknowledges analysis from both the *Stern Review* and the *Garnaut Review* highlight that the cost of taking action to reduce greenhouse gas emissions far exceeds the cost of inaction. Despite this, however, the Committee failed to make the logical and consequential recommendation about the need for more ambitious global greenhouse gas abatement targets.

1.10 The question of what would be a fair and equitable contribution by Australia to the global greenhouse gas abatement challenge also received inadequate discussion in the Report. The Government's Carbon Pollution Reduction Scheme is premised on a burden sharing proposition that is both inequitable and unfair and as such will not be acceptable to other nations.

1.11 There are a range of 'metrics' that could be used to determine fair burden sharing between nations. The Australian Government, owing to its policies to expand the economy by promoting population growth (including through high levels of skilled migration), favours metrics such as comparable per capita emission reductions. Other nations, particularly those with stable populations, are likely to argue for burden sharing to recognise other metrics such as historical responsibility, comparable effort in terms of cost of emission abatement cost and/or abatement effort since 1990. If the case for these metrics is successfully argued during the climate treaty negotiations at the end of this year Australia will be obliged to accept more ambitious emission targets. By pre-empting the climate treaty negotiations by locking in a weak heavily conditional upper target into legislation the Australian Government undermines the treaty process.

1.12 The government has declined to specify the metrics that it used to arrive at the 25 per cent conditional upper limit and it is apparent that the target has been derived from a political decision rather than a calculation based on a principled combination of metrics. This means that in Copenhagen the Government will only agree to burden-sharing metrics which, when applied, result in Australia committing to its pre-determined position.

1 Dr James Risbey, *Proof Committee Hansard*, 23 April 2009, pp 58-9.

Compensation for Emission Intensive Trade Exposed Industries

1.13 While many companies argued for generous compensation alleging that the CPRS would unfairly impact their competitiveness, no evidence was presented to undermine the assessment of the *Garnaut Review* that the industry assistance package should only compensate the emission intensive trade exposed industries for costs resulting from the fact that some trading partners have not yet introduced carbon pricing policies and that it should not seek to compensate merely to maintain profitability. The Government's proposed EITE compensation package fails this test and is little more than an attempt to buy-off dissenting large polluters.

Green jobs

1.14 The Report gives just two paragraphs to the question of Green Jobs (ie jobs created as a result of the transition to a low carbon economy). This demonstrates a studied ignorance of the number of jobs that will need to be created in an economy wide restructure.

1.15 Critics of the CPRS like to add up claimed job losses at individual firms (which can be easily identified) and ignore those jobs (harder to identify) generated in green industries, by households spending the additional assistance payments and by firms made more competitive by the likely exchange rate depreciation.

1.16 The capacity of the labour market to handle structural change appears to be underappreciated by these critics. In the decade to November 2007, employment in rural industries dropped by almost 100,000; employment in manufacturing dropped by almost 50,000 and employment in wholesale trade dropped by 35,000. Yet over this period the unemployment rate fell from 8½ per cent to 4 per cent.

1.17 The amount of natural turnover in labour markets is also often underappreciated. It is very high even in years when the economy is booming. For example, over a million workers employed in February 2005 were no longer with the same employer a year later, and over half of these changed industry. This illustrates that the process of shifting employment from contracting to growing industries can occur with far fewer additional layoffs than might be imagined from a simple comparison of employment levels in a subsidised industry before and after the removal of a subsidy. (For example, if 1,000 jobs are lost in an industry, it does not necessarily mean that 1,000 workers are dismissed. It may just mean that of 3,000 who choose to leave, only 2,000 are replaced.)

1.18 Many witnesses without ties to existing companies spoke of the potential for growth in green jobs:

...there are very significant opportunities for enterprise and employment, provided a signal is sent to assure people who might be prepared to make those investments and take people on—that there is a future for them. I do think there is going to be a transition, and I do think there is going to be

some time where communities go through some changes, but there have to be huge chances for employment.²

I think the Clean Energy Council estimated that around 50,000 jobs were required just for the 20 per cent renewable energy target.³

The model actually has rapid growth in green jobs...⁴

Complementary measures

1.19 The Greens welcome the fact that the Committee agreed that policy measures complementary to the CPRS were important to address a range of market failures, but disagree with the view that further consideration of such measures should be delayed until after the start of the CPRS. While it is true that there are a number of existing ad-hoc programs at Commonwealth and State and Territory level, there is clearly an imperative for the Commonwealth to introduce stronger policies to drive the rapid uptake of existing renewable energy, energy efficiency, upgrades to the electricity grid, the roll-out of public transport, and to support the research, development and commercialisation of emerging technologies.

1.20 Evidence was given to the committee that if the Commonwealth introduced a national 'gross' feed-in tariff for a range of renewable energy technologies, this would automatically supersede several existing ad-hoc and weak State based feed-in laws, as well as a number of weak Commonwealth programs. Contrary to the Committee view, given the urgency with which we must reduce emissions, there is no case to delay introducing complementary measures. The Commonwealth needs to take a leadership role – indeed the State Governments would welcome it.

Carbon capture and storage

1.21 The Greens do not agree with the view expressed as the 'Committee View' that "carbon capture and storage technology may hold potential as a possible means of future mitigation. Whilst many technologies are promising, it does not seem likely that these options are likely to play a significant role in the short term. The committee encourages further research and development in this area."

1.22 The Greens disagree that many of these technologies are promising. Rather, evidence presented to the Committee indicated that the prospects of carbon capture and storage technology ever competing with alternative low or zero emission energy generation options is low. For this reason we believe that the private sector should take on the risk of "further research and development in this area". In addition, we do

2 Mr Tony Westmore, *Senate Standing Committee on Economics, Proof Committee Hansard*, 23 March 2009, p. 24.

3 Dr Ottaviano, Carnegie Corporation, *Senate Standing Committee on Economics, Proof Committee Hansard*, 23 March 2009, p. 33.

4 Mr Danny Price, *Proof Fuel and Energy Select Committee Hansard*, 2 April 2009, p. 18.

not support liability for leakage from carbon dioxide storage sites being transferred to the tax-payer.

Agriculture and land use

1.23 The Greens disagree with the Committee view that tree plantations should be able to generate emission credits under the CPRS, and are instead persuaded by the evidence presented by witnesses such as the Dr Judith Ajani and the Tasmanian Farmers and Graziers Association that this would distort land-use decisions. The Greens support a more regulated approach to funding bio-sequestration to take into account issues such as competition for water and food producing land and biodiversity conservation.

1.24 It should also be emphasised that the trees versus food/water and biodiversity distortion is aggravated by the fact that the carbon accounting rules under the Kyoto Protocol ignore emissions from native forest harvesting, but count emissions from harvesting forests established after 1990 – thus creating a perverse incentive to harvest native forests rather than plantations for wood production. Comprehensive carbon accounting is essential and we agree with the Committee's recommendation that the Government must promote the reform of international carbon accounting rules.

1.25 Given that the harvesting of native forests generate huge volumes of greenhouse gas emissions there is no reason to wait for global accounting systems to be reformed before taking action to ensure that carbon-rich native forests are preserved and to ensure that forest products come from plantations.

Conclusion

1.26 History may well show that the international treaty about to be negotiated was the last opportunity to avoid catastrophic climate change. If this treaty is weak or negotiations end in failure the opportunity to protect the climate may have passed.

1.27 Australia, together with all industrialised nations, has the wealth and resources required to achieve much deeper emission cuts; all that is lacking is political will. Never in the history of human civilisation has more urgent and determined Government leadership been required.

Senator Christine Milne

Spokesperson on Climate Change and Energy