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CLIMATE CHANGE – WHO SHOULD WE BELIEVE AND WHAT SHOULD WE DO?

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With a subject like climate change, non-scientists can only believe what we are told – and there is no telling what we will be told next. This should not be so surprising, since we have never before been told that we might have any hope of controlling the forces of nature.

Many scientists remain sceptical, as indeed scientists should, about the causes of climate change, attributing it to solar radiative forces, which is not our fault, rather than the emissions of greenhouse gases from industrialization, which is our fault.

Nonetheless, until otherwise advised, we must accept the diagnosis of the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), published in 2007, which concluded that climate change is our fault and recommended that greenhouse gases be reduced.

Going by past experience, the next IPCC report will be even more gloomy than the previous ones. Some scientists are already claiming that avoiding dangerous climate change will require stabilising the level of greenhouse gases in the atmosphere at 350 ppm of CO₂ equivalent, lower than the 450 ppm target recommended by the IPCC and considerably lower than the 550 ppm target initially aimed at by Australia.

When it comes to how to achieve this, it is very difficult to believe a lot of what we are told. In responding to climate change, the Government is playing around with our lives and our jobs as well as the environment. Being branded as a climate sceptic, for questioning the wisdom of the Government's remedies, many people find repugnant. An electoral mandate to do something about climate change is not a licence to silence anyone with a legitimate point of view. The truth is that none of us know enough about the truth.

We are told by the IPCC that, effectively, the only thing we can do is to reduce the stock of greenhouse gases stored in the global atmosphere. First, we have to slow the rate of discharge and then we have to reduce it. Much of the responsibility for this must devolve onto the energy industry and everyone that invests in it.

With the best will in the world, this mammoth task may take another 50 years. It is also likely to cost a global ransom. As a guide, the International Energy Agency sees energy sector infrastructure needing around a trillion dollars invested every year until 2030. Governments don't have all this money, so it will mainly have to come from private sector investors, but governments must first provide the right policy settings to induce investors to accept the investment risks. This is a very serious challenge and governments are not off to a good start with their tentative efforts to establish carbon markets.

The Only Solution is a Global One

A lot of people have gained a wrong impression about what needs to be done. This is partly because, in public discussion about climate issues, the tendency has been to use the pronoun "we" without regard to whether this might be giving the wrong impression.

Misunderstandings can easily arise from the international ramifications of the problem. Australia aims to reduce its domestic emissions by between 5 and 15% by 2020. However, as Professor Ross Garnaut said in a speech on 11 February 2009, *"there is negligible climate change benefit from Australia acting alone."*

If you accept this, do you still think the Government's call for immediate domestic action is soundly based? Who else might you refer to? There are many independent bodies but you could refer to the report of Working Group III in the IPCC Fourth Assessment Report:

"The entry into force of the Kyoto Protocol marks a first, though modest, step towards achieving the ultimate objective of the UFCCC to avoid dangerous anthropogenic interference with the climate system. Its full implementation by all the Protocol signatories, however, would still be far from reversing overall global GHG-emission trends."

It may come as a shock to learn that the Australian Carbon Pollution Reduction Scheme (CPRS) will fail by itself to bring about the required transformation of Australia's energy sector. Yet, as the Government's White Paper explains, *"... the scale of the transformation is so large, the barriers to change are so high, and the imperative to change so pressing, that additional measures are required."*

There is obviously a limit to the capacity of the economy that the CPRS cannot exceed without putting the economy at peril. Hence, the need for measures such as the Renewable Energy Target of 20% by 2020.

You might wonder why you weren't told this before but, if you had read the 800-page White Paper, you would have found it there. Nothing has been concealed. There is however a limit to the capacity of the population to absorb everything at once. You might therefore also wonder whether the CPRS in its present form may be the answer that the Government is making it out to be.

You might therefore turn one further page of the IPCC Working Group's report where you would read:

"Over the next 20 years or so, even the most aggressive climate policy can do little to avoid warming already 'loaded' into the climate system. The benefits of avoided climate change will only accrue beyond that time."

This is pretty scary. Do governments yet have the knowledge on which to prescribe appropriate remedial measures? According to the IPCC Working Group, the answer is still not clear:

"New research is required into the linkages between climate change and national and local policies (including but not limited to energy security, water, health, air pollution, forestry, agriculture) that might lead to politically feasible, economically attractive and environmentally beneficial outcomes."

What should you conclude about all this? You may care to compare what you think with what the IPCC Working Group concluded:

"... there is a continued need for a better understanding of how rates of adoption of climate-mitigation technologies are related to national and regional climate and non-climate policies, market mechanisms (investments, changing consumer preferences), human behaviour and technology evolution, change in production systems, trade and finance and institutional arrangements."

If you are still unsure, you could go back to the White Paper. There in chapter 3 you will find the plain, unadulterated truth: *"the only solution to the climate change problem is a global one."*

If Australia were to succeed in reducing its emissions by 15% by 2020 while the rest of the world continued on its merry way, global emissions would be 50% higher than they are today and we would all be the worse off. China, India, Europe, the United States and other countries are responsible for 98.5% of global emissions. Unless they take effective action, any suggestion of a domestic measure like the CPRS being able to help save the Murray Darling Basin, the Kakadu Wetlands or the Great Barrier Reef amounts to wishful thinking or is misleading.

A global perspective on climate change is the only perspective that matters. We have to work in synchrony with the rest of the world. The reality is that domestic emission reductions count for very little and everyone should be concerned that their over-zealous pursuit may cause irreparable economic damage to Australia's export industries.

As Professor Garnaut warned in The Garnaut Climate Change Review, *"The continuation for long periods of strong Australian mitigation outside a global agreement is likely to corrode the integrity of the Australian market economy."*

Yet, on the first page of the White Paper's Executive Summary, there is the Government's admonition in black and white:

"As one of the hottest and driest continents on earth, Australia will be one of the nations hardest and fastest hit by climate change if we don't act now."

As an argument for the adoption of a domestic emissions trading scheme, this creates false alarm and holds out false hope. I acknowledge that it is very easy to pick and choose quotations that support your point of view but, if you think I have unfairly picked out some wording at random from the White Paper, this is what the Prime Minister had to say when he launched it on 15 December 2008:

"Without action on climate change, Australia faces a future of parched farms, bleached reefs and empty reservoirs. And we risk being left behind as other nations invest in the clean energy jobs and industries of the future".

I find this warning hard to swallow as a justification for the domestic action that the White Paper proposes. The question is not what "we" in Australia can do about reducing domestic emissions but what "they" will do about global emissions – and when they will do it.

This is a Global Battle

We in Australia must engage, in some sort of synchrony, with the rest of the world in a global battle to reduce global emissions. Unlike wars or other international conflicts, everyone involved in the climate battle is on the same side, or they are supposed to be. For the last 17 years, since the Earth Summit in Rio de Janeiro, countries have been attempting to negotiate a global solution under the auspices of the UN Framework Convention on Climate Change and its Kyoto Protocol. No-one is exactly happy about the progress.

The negotiations are supposed to come to a head with a long-term plan for cooperative action to be agreed at the 15th Conference of Parties in Copenhagen in December 2009. Given the difficulties and the investment needs I have referred to, many people will be disappointed by the outcome.

The battle to conquer the climate must be monitored and quantified by a commonly accepted measure of success. My suggested term for this is the Global Emissions Reduction Metric or the GERM, denominated in tonnes of CO₂ equivalent. GERMs indicate the volume by which emissions, that would otherwise have been discharged anywhere in the world, have actually been reduced. So far, the world has not produced any GERMs. In theory, substantial quantities could be created either by cutting back activity levels, or by substituting less emissions-intensive technologies or processes for those that would otherwise have been used. The question is whether this is affordable – and whether countries with competing industries will take comparable action.

Adaptation

To save ourselves from perishing in the meantime, we must adapt, that is, we must roll with the punches; we must adapt to whatever might be the felt impact of climate change. When I use "we" in this context, I mean Australia alone, for it is entirely in Australia's own hands as to how it might do this. We can adapt independently and at our own cost without needing to be in synchrony with anyone else.

Our main focus in Australia must be on our agricultural sector, building its capacity to respond to climate variability.

The Role of Technology

Last year, the three times Pulitzer prize-winning author and journalist, Thomas Friedman of the New York Times, published a best-selling book, "Hot Flat and Crowded", with the simple proposition that we should just stop using fossil fuels and switch to renewables. The scale of this task is however so mammoth that most of us will be long gone before it happens. My review of Mr Friedman's book can be downloaded from the Institute's website.

The overnight cessation of the use of fossil fuels and their substitution by renewables is unaffordable in most power systems and is like to be so for decades. Mr Friedman's proposition loses sight of the real battle, which is to produce global emission reductions.

Around the world, a race is on to find and deploy technologies for the production and use of lower-emissions energy. Wind power is one option (although the wind generally only blows around 30% of the time); solar power is another (although the capital costs are prohibitively high); nuclear power is another (although many people still worry about nuclear proliferation and waste disposal issues); and lower-emissions natural gas (my personal favourite in this

race) is another. Oil and coal could surprise everyone and remain the dominant sources of primary energy if affordable carbon capture and storage systems can be developed and installed.

According to the World Energy Council, the most important thing is to keep all energy options open. We cannot afford to idolise or demonise any of them. Each has a part to play in particular countries or regions, or in the overall scheme of things. Research and development is vital and must be strongly aided by tax and other incentives.

I reiterate: the climate battle is to reduce global emissions. This is the global solution; this is the only solution.

What Domestic Measures Are Available?

Domestically, governments have four main options: first, prohibiting the use of certain fuels (such as nuclear power or coal); secondly, mandating the use of renewable forms of energy (such as wind or solar power); thirdly, imposing carbon taxes on the discharge of emissions; and, fourthly, implementing emissions trading schemes. All of these options involve costs and all of them are disruptive to some extent or another. The least disruptive is a carbon tax, although it is arguably less effective than the others and it does not have the potential to be linked with other countries.

The Australian Government has decided, to some degree or another, to implement all of these measures except for a carbon tax. A carbon tax for a transitional year or three would have been administratively much simpler. All you would have done is append a carbon footprint schedule to your personal or corporate tax return and pay up. Everyone is well accustomed to this procedure. Exports could be exempt just as they are for GST. This might have given us time to design and build an OECD-wide carbon market by 2015, as recently proposed by the EU.

Conclusion: Our National Dilemma

I don't believe anyone knows as much about climate change as they say and perhaps, after tonight, some of you may share that disbelief.

The dilemma that the Australian nation confronts on climate change is how to reconcile domestic action with global results. Everyone is entitled to express doubts about the domestic measures that are proposed, to ask questions and seek assurances, without the risk of attack as a climate sceptic.

In my opinion, Australia's climate policy is badly skewed towards domestic reforms of high cost and questionable value. I am confident that all Australians will be very upset if their export industries are unnecessarily damaged by pointless domestic climate change measures that run ahead of the rest of the world.