

The Australian - Tougher targets for the rich: Garnaut

Australia may need to accept much deeper cuts in greenhouse emissions to compensate for developing countries such as China and India in a global climate deal, Labor's main climate change adviser says. Professor Ross Garnaut said he would suggest the future allocation of greenhouse emissions be distributed globally on a per capita basis when he provides his interim report to state premiers today, in advance of the final report from his climate policy review due in September. This would significantly favour countries such as China and India at the expense of relatively small countries such as Australia with big per capita emissions. Professor Garnaut said it was the only way to get developing countries to agree on targets. In a speech to an international solar conference in Adelaide yesterday, Professor Garnaut warned there was "little prospect" that the international agreement hammered out in Bali in December was enough to address the risk of dangerous climate change. In his most controversial speech yet, he said the global negotiations on a post-Kyoto deal must include targets on major developing as well as developed countries or the parties must "abandon hope of achieving climate stabilisation at moderate levels". "At the multilateral level, the world should instead aim for a post-Kyoto agreement in which all major emitters, developed and developing, are subject to emissions budgets," Professor Garnaut said. He said Australia could encourage greater ambition in the current negotiations, due to be completed at the end of next year, and set up a regional emissions trading bloc with South Pacific nations, Papua New Guinea and possibly Indonesia. Indonesia and PNG have expressed co-operation with Australia on climate policy and Professor Garnaut said they could reach targets and deliver substantial emissions reductions quickly and easily through avoided deforestation, technology transfer and development of low-cost renewable energy. This would require national emissions budgets for all countries to drive international permit trading which, if managed carefully, could accelerate development in poorer countries. "Developing countries will have to see it is as equitable that all countries have limits on their emissions, but that richer countries have much more stringent limits," he said. Climate Institute policy director Erwin Jackson said the speech was "encouraging" in recognising it was in Australia's interests to have an ambitious global emissions regime.

PM told to get real on carbon cuts

Kevin Rudd's handpicked climate expert has warned that Australia must make far steeper cuts to carbon emissions than previously thought and demand developing nations follow suit if the world is to avert a climate change catastrophe. Ross Garnaut has also warned that taxpayers will have to compensate low-income households and industries, such as forestry and agriculture, for income they will lose as part of the fight against climate change. The findings were released yesterday in an interim report produced by Professor Garnaut discussing the economic implications of Australia setting sharp, short-term targets for the reduction of carbon emissions. As power generators and businesses warned of adverse effects if the Rudd Government accepted the recommendations, Climate Change Minister Penny Wong refused to commit to the Garnaut prescription. Senator Wong promised responsible action but said she was also awaiting Treasury modeling, due to be finished in June. The Greens attacked her position as evidence the new Labor Government was a hostage to the coal industry and had started backsliding on climate change. Last year, Mr Rudd, in Opposition, commissioned Professor Garnaut, an economist and former colleague, to study the implications of reducing carbon emissions in the wake of the 2006 Stern report to the British Government, which warned of catastrophic consequences if the world did not move decisively to combat climate change. Mr Rudd had committed Labor to setting a target to reduce carbon emissions by 60 per cent by 2050 but wanted the Garnaut report to provide a basis for establishing a shorter-term target. Professor Garnaut said Australia must accept deeper cuts of between 70 and 90 per cent of emissions by 2050 to avoid the risk of dangerous climate change. It should also set a target this year for emissions reduction by 2020 - similar to those accepted by other developed nations. The European Union has a 2020 goal of cutting emissions by 20 per cent. "Australia should be ready to go beyond its stated 60per cent reduction target by 2050 in an effective global agreement that includes developing nations," Professor Garnaut said. The Prime Minister yesterday told parliament the nation could no longer afford to ignore climate change because, as the driest continent, it stood to suffer the greatest effects of global warming. "The costs of inaction on climate change are much greater than the costs of action," Mr Rudd said. "Australia must therefore seize the opportunity now to become a leader globally. "This is where we need to position Australia, not in a state of denial but out there ahead of the pack, because it is in our deep economic interest, our deep national interest, to do so." The interim report, released in Adelaide yesterday, said the world was moving towards high risks of dangerous climate change more rapidly than had been generally understood. "This makes mitigation more urgent and more costly," the report said. "At the same time, it makes the probable effects of unmitigated climate change more costly for Australia and the world."

Blaming much of the growth in emissions to economic growth and the aspirations of developing nations such as China, Professor Garnaut said it was not feasible to expect the developed world to lower its expectations. "The challenge is to end the linkage between economic growth and emissions of greenhouse gases," he wrote. He said the nation should also establish an emissions trading scheme as a centrepiece of a domestic mitigation strategy. This would need to include "measures to correct market failures or weakness" and would have to distribute the costs of the scheme fairly across the community. The report says such an approach would see the nation play a positive role in global talks for a new climate pact to replace the Kyoto agreement on emission reductions, which expires in 2012. "Australia should formulate a position on the contribution that it would be prepared to make to an effective global agreement, and offer to implement that stronger position if an appropriately structured international agreement were reached," it says. It added that efforts to include poor countries in a global scheme would enable richer countries such as Australia to buy excess permits from them, rather than trying to deliver deep cuts themselves. Developing countries refused to be included in a global regime of targets at last December's UN climate negotiations in Bali. Professor Garnaut said there was no risk the Government's target of 60 per cent cuts by 2050 would overshoot Australia's likely long-term cuts in any global agreement sealed to take effect with the expiry of Kyoto. "A reduction target of, say, 70 per cent does not imply that actual future emissions in Australia would be restricted to the extent suggested by the reduction in emissions rights," the report said. Professor Garnaut proposed compensation for major energy-intensive industries exposed to losses in international trade, such as aluminium and cement. The Australian Chamber of Commerce and Industry expressed concern about the cost of emissions reduction in Australia, particularly its impact on small- and medium-sized enterprises if the emissions cap were implemented on a per capita basis. Power generators say they stand to lose much of the value of Australia's \$50 billion network of power stations if the Government accepts Professor Garnaut's recommendation not to compensate them in an emissions trading scheme. A full report on the design of an emissions trading scheme will be delivered next month, but the report excluded a mandatory renewable energy target as part of the ideal greenhouse mitigation strategy and suggested it should be phased out early. The report said the Government's 20 per cent renewable target could create most of the incentives to introduce lower emission technologies in the first years of the scheme and duplicate the role of a trading scheme. Opposition environment spokesman Greg Hunt said the Government had "dropped the ball" on the Howard government's work in driving the development of clean coal technologies and encouraging developed nations to tackle deforestation. - *Additional reporting: Siobhain Ryan*

Case of global shock therapy

In a message to the world, professor Ross Garnaut's report says there is "no prospect" of solving climate change unless developing nations accept new and early targets, and rich nations such as Australia exceed their 60 per cent reduction targets by 2050. Garnaut's interim report to the Rudd Government is a dose of global shock therapy. It is a challenge to Australia and the international system. He argues, in effect, that climate change is more serious than outlined in the 2006 Stern report to the British Government. As a consequence, Garnaut calls for a radical rethink on the global negotiations because the current Bali road map is gravely inadequate. The world "must move beyond" the Kyoto mentality. "Faster emissions growth makes mitigation more urgent and more costly," he says. He told *The Australian* there was "no avoiding" climate change risks unless the big developing emitters, such as China, entered into "an early international agreement from the post-2012 period". This is a huge leap. At present, all developing nations reject binding targets, let alone targets from 2012. The aim must be a post-Kyoto deal in which all major emitters, "developed and developing, are subject to emissions budgets". The involvement of the US is essential. Garnaut says industrial nations should offer "steeper cuts" in this situation. "Australia should be ready to go beyond its stated 60 per cent reduction target by 2050 in an effective global agreement that includes developing nations," he said. "It's going to be essential for the developed nations like Australia to do more." He favours the idea of multiple carbon budgets - the 60 per cent unilateral target with appropriate interim targets, and also a more ambitious budget "representing what Australia would be prepared to do in the context of effective global action". Kevin Rudd embraced the report's spirit, saying that Australia must become a leader in the global debate. But the Prime Minister will need a lot of time to digest such implications, filled with opportunity and risk. Garnaut's assumption is that Australia is possibly the biggest loser among industrial nations from unmitigated climate change. His dire outlook gives the Rudd Government a chance to monopolise the politics of climate change but it multiplies the diplomatic and domestic tests for the Government. The interim report warns that coal companies, workers and entire regional communities in Australia may be at risk. The pivotal issue likely to determine their survival will be commercially successful carbon capture and storage. Garnaut advocates a substantial commitment to back private research, development and commercialisation of carbon capture and storage by coal-based electricity producers.

If this technique is successful, then coal-based electricity areas could become “regions of strong expansion and prosperity”. Garnaut sees a price for emissions, and an emissions trading scheme, as basic to Australia’s response. But the key is a steady, long-term domestic policy framework to deliver market certainty and new investment pathways. And that means policy bipartisanship. There is a strong case for structural adjustment assistance to workers, communities and firms whose incomes, jobs and patterns of life are disrupted by the reforms. Garnaut highlights the vast equity implications, calling for revenue to be redistributed to low-income households that are sure to be hurt. The real message in Garnaut’s report is the chasm between global action and global analysis. Garnaut wants a new mindset, saying the world “must move beyond Kyoto”. “The incentives facing individual delegations in a single, large, multilateral negotiation are not conducive to reaching sound agreement,” he says. “Each country will try to secure a ‘better deal’ than others, with equity concerns figuring large and incentives for free-riding working against co-operative outcomes. “The dominant outcome is a low common denominator. This is evident from the experience with the Kyoto Protocol.” The Garnaut report was commissioned last year by Mr Rudd as Opposition leader. This is the interim report, with the final report coming later this year.

No value in acting without big players - ALWAYS start with the good news.

The media release accompanying the interim report of the Garnaut Climate Change Review does just that. It begins: "Australia is relatively well placed to do well in a world of comprehensive global efforts to reduce greenhouse gas emissions, Professor Ross Garnaut said today." This, as Garnaut also said, is not the conventional wisdom about a small economy richly endowed with carbon-based energy resources. His optimism is based, among other things, on what he calls Australia's exceptional human resource base in engineering, management and finance related to the resource sector, which can be readily employed in low-emissions industries. He also cites our endowment of uranium and natural gas, and our "exceptionally" rich resources of renewable energy such as solar and wind power and large deposits of high quality (low emissions per unit of energy) coal and other advantages, such as good sites for carbon capture and storage. There are, of course, one or two problems, including Labor's dislike of uranium, the high cost of alternative energy and the fact that carbon storage techniques are not yet proven. But the biggest barrier is that in Garnaut's analysis, Australia does best in a world of extremely ambitious and comprehensive global agreement on savage reductions in carbon emissions. How far is the world away from that? According to Garnaut, at current rates of progress on global negotiations, it is decades away. And in a world of only ad hoc and partial global mitigation efforts, Australia would be anything but well off. "Amongst much else, this would be a world of trade discrimination and resurgent protectionism, in which protectionist influences interacted with other countries' mitigation policies in ways that were strongly disadvantageous to Australia," the interim report says. The truth is, there is little value in any arrangements that don't include a commitment to substantial emission reductions by China, the US and India, and we seem a long way from that. Yet in parliament yesterday, Kevin Rudd wanted Australia to lead the charge to a low-carbon economy, demanding nothing less than a low-carbon revolution. Garnaut, although keen for urgent and substantial action to mitigate climate change, at least suggests we should calibrate our response to what the rest of the world is doing. Proposal blind to political realities

ROSS Garnaut was in Bali last December for the UN climate change conference.

He saw first-hand the ferocious opposition of developing countries to being roped into anything that remotely resembles emissions targets as part of a global trading scheme. Two months later, in his interim report to the Rudd Government, he has constructed a comprehensive thesis for a global response to climate change that completely ignores this realpolitik. He is proposing that we use the impossible to solve the impossible. Garnaut says that for any hope of an effective global response to climate change, major developing countries will need to be included in a post-Kyoto deal from 2012 and all other countries will need to be given a target and included soon after. The reasoning for this is simple enough. Rich countries such as Australia are going to need to rely on getting their hands on lower-cost greenhouse abatement opportunities in these developing countries if they have any hope of making the even deeper emissions cuts that appear necessary based on the current best read of the science. Garnaut says the Rudd Government's commitment of a 60per cent cut in emissions by 2050 is in no danger of overshooting the mark. Try 70 to 90 per cent. The only way to do this will beto work with developing economies, starting with neighbours such as Indonesia and Papua New Guinea, to reap the low-cost credits that come from halting and reversing deforestation, which alone accounts for 20per cent of global greenhouse emissions. The sticking point for poor countries is understandable. Alleviating poverty is and should be their No1 priority. Energy is the golden ticket to delivering this. They are opposed to anything like a price on carbon that stands in their way. So Garnaut has suggested the best way to get them in is to offer a deal they can't refuse. Carve up the remaining budget of greenhouse emissions on a per capita basis. That's a sweet deal for China, India and Indonesia. For Australia it is brutal. So the trick is to get developing countries into the game to enable rich countries to access their low-cost credits and make even deeper cuts less painful.

It's a catch-22 on a global scale.

Call for a 'carbon RBA'

Australia should consider setting up a Reserve Bank-style body to chart its future emissions and manage its national carbon budget. The proposal, in the interim climate change report released yesterday by Ross Garnaut, would put the politically difficult task of assigning carbon pollution rights to different industries at arm's length from government. "Variations in the number of permits on issue or the price would have huge implications for the distribution of income, and so could be expected to be the subject of pressure on Government," the report says. "There is a strong case for establishing an independent authority to issue and to monitor the use of permits, with powers to investigate and respond to non-compliance." Labor and the Coalition support the use of a carbon emissions trading scheme to minimise the costs of cutting greenhouse gases. From 2010, different industries and companies will be assigned permits allowing them to pump out a certain amount of carbon dioxide. They will be penalised for exceeding their quotas, but rewarded for coming in under their carbon budgets by earning the right to sell the surplus to other companies in an open market. Professor Garnaut compares his vision of the carbon market to the gold market, in which businesses hedge risk and speculators make money by betting on future prices for the commodity. The carbon bank would regulate the market, controlling the trajectory of the nation's total emissions and responding to new science on climate change risks by issuing and buying back carbon permits. In years such as 2020 or 2050, when Australia had an international obligation to meet a specific target, the carbon bank could buy permits from the global market to make up for failures by local corporate businesses to stay within their allocated quotas. "Australia would benefit from linking its market with others," Professor Garnaut writes. The Climate Institute chief executive John Connor said that if a Reserve Bank-style authority were created, it must have access to hefty penalties for companies that defied market rules. "I think there's a role for an independent carbon bank but it's going to be critical that it's accountable, even much more than the Reserve Bank," Mr Connor said. He expressed reservations about the report's proposal to set 10-year budgets for greenhouse emissions rather than shorter periods that demanded more upfront action. Australian Conservation Foundation executive director Don Henry said he was open to the concept of a central carbon bank. But he said a bipartisan government approach on how an emissions trading scheme would operate might be just as effective. Conservationists have traditionally been suspicious of emission trading schemes, fearing industry would use cheap permits to delay cutting their greenhouse gas emissions. But many now accept the concept, subject to strong caps, penalties and pricing signals in the schemes. Minerals Council of Australia chief executive Mitch Hooke said it was important for the price of carbon to start low, acknowledging the now limited technological capacity to reduce greenhouse gases cheaply. "A high carbon price at the outset, when you don't have the technology to change industrial behaviour, just becomes a tax," he said.

Garnaut's message cuts deeply

The stark message of the Garnaut report today is that the problem of climate change is more serious than previously thought and may require radical reductions in greenhouse gas emissions that go beyond the 60 per cent target nominated by the Rudd Government. Provided the rest of the world comes on board, developed countries will have to do a lot more. For countries like Australia and Canada that could mean a reduction of up to 80 per cent, the figure flagged by Sir Nicholas Stern when he argued we should cut emissions by 80 per cent by 2050, instead of the 60 per cent target nominated by the Rudd Government. Professor Ross Garnaut does not nominate that figure. But he does state Australia should make firm commitments in 2008, to 2020 and 2050 emissions targets that embody similar adjustment cost to that accepted by other developed countries. "Some version of the current state and federal targets of 60 per cent by 2050, with appropriate interim targets, would meet these requirements," his report states. "Australia would need to go considerably further in reduction of emissions as part of an effective global agreement, with full participation by major developing countries, designed to reduce risks of dangerous climate change to more acceptable levels. "Australia should formulate a position on the contribution that it would be prepared to make to an effective global agreement, and offer to implement that stronger position if an appropriately structured international agreement can be reached." The problem will pose serious challenges for families and for political leaders, with Garnaut conceding that establishing an emissions trading scheme and ambitious mitigation targets "will be difficult and will make heavy demands on scarce economic and finite political resources". On page 48 of his report, published today on The Australian Online, he even raises the prospect of relief for low-income families to pay for higher energy prices through the social security and tax system. Garnaut is saying tackling climate change is necessary but is going to hurt families, not just emissions-intensive industries.

Energy innovators to reap reward

There will be winners and losers in the battle to contain climate change, with the uranium industry and owners of windswept land close to urban centres standing to reap substantial gains. Professor Ross Garnaut said people with engineering and management skills relevant to innovation in the resources and energy industries would also be among the biggest beneficiaries, as would owners of good agricultural land. The executive director of the Australian Coal Association, Ralph Hillman, said the coal industry would face challenges from a global shift to greenhouse abatement, but he said Australia was tackling that by demonstrating the potential of low-emission coal technology. He said Australia would have the potential to export the technology to major coal customers. "We are pleased that Garnaut recognised that the Government needs to contribute to the research and development of the process and that, when we come to deployment, the Government will also need to intervene to subsidise some of the industrial-scale plants," Mr Hillman said. The gas industry is an obvious beneficiary from the adoption of a greenhouse emission abatement scheme. The executive director of the Australian Pipelines Association, Cheryl Cartwright, said it was vital that the Government made up its mind about what sort of targets and emission reduction scheme it would introduce as quickly as possible. "The challenge will be for the Government to make a decision sooner so that the private sector can make the necessary investments." The executive director of the Australian Uranium Association, Michael Angwin, said the contribution of nuclear power to reducing greenhouse emissions worldwide had been endorsed by the Intergovernmental Panel on Climate Change. "If you expand Australia's uranium exports, then you not only give the world greater flexibility and options to deal with climate change, but you also help offset the cost of the structural adjustment that Australia would face," he said. He called upon Western Australia, Queensland, NSW and Victoria to remove their political bans on uranium mining.

Garnaut report backs renewables

Professor Ross Garnaut's interim report on climate change will encourage the renewable energy industry and support investment in clean coal technology in Australia. But the electricity supply industry yesterday signaled its concern at the report's coolness towards compensation for industries that might be hit by the introduction of a high-priced carbon-trading scheme. Industry sources said the concerns as to whether the electricity supply industry might not be adequately compensated for the impact of carbon trading could hit plans to privatise the NSW electricity generating industry. The interim report signals that Australia has to be prepared to make an even tougher commitment to reducing carbon emissions, going beyond the stated target of 60 per cent reduction by 2050. The Rudd Government has said it wants a carbon-trading scheme to be operational by 2010. Mining Council of Australia chief executive Mitch Hooke said yesterday the interim report "picked up on the critical need to align technological developments with emissions trading - specifically clean coal technology". For a carbon-trading regime to be effective rather than a deadweight tax, technological change was needed, he said. "The report implies that there is no point in simply having a high price for carbon without the technological capacity to respond to the impact of that price," Mr Hooke said. The report "has laid a pretty good platform for going forward", he said. He welcomed its support for a series of moves towards the longer-term targets. The industry would still need to know the target levels for a carbon-trading regime before it could assess its full implications, he said. Brad Page, chief executive of the Energy Supply Association of Australia, which represents the electricity distribution sector, said compensating companies hit by carbon pricing should be given further consideration. The Garnaut report is cool about compensating companies such as power generators for the introduction of a carbon-pricing regime, arguing they will be able to pass on the higher costs to households. It also says there is no tradition of compensating companies for capital losses as a result of broad economic reforms. Mr Page said 85 per cent of Australian electricity was produced by coal-fired generators. Professor Garnaut had already indicated that any carbon-pricing scheme should start with a high price of carbon. "When you apply a high price of carbon to these companies you change their costs and you change their business outlook," he said. "There is a good prospect of substantial capital devaluation for a range of their assets from introducing carbon pricing. "Some generators will be very substantially affected. They are very long-life assets worth billions of dollars. "To dramatically change business conditions and then say there shouldn't be any compensation for the direct impact is a recipe for financial impairment of a whole bunch of companies." Business Council of Australia policy analyst Maria Tarrant welcomed references to the need for a staged response to climate change in Australia.

Power companies fired up over compensation

Electricity generation companies are fuming at their proposed exclusion from compensation in a national emissions trading scheme, saying they stand to lose billions in stranded assets. An interim report on climate policy for Labor premiers has backed compensation for exposed energy-intensive industries to stop them relocating to other countries, but leaving power generators to fend for themselves.

The report by Professor Ross Garnaut said revenues from selling emission permits should be used to prevent this "carbon leakage" of big aluminium smelters, steel mills and cement factories, as well as assisting with other structural adjustments in the economy, including low-income households and investment in new technologies. However, the report dismissed calls by power generators to be included in this process. "There is no tradition in Australia for compensating capital for losses associated with economic reforms of general application (for example tariff reductions) nor ... for taking away windfall gains from changes in government policy," the report says. Energy supply association chief executive Brad Page said much of the value of the industry's \$50billion network of mainly coal power stations could be wiped off if aggressive emissions targets were pursued quickly.

'Previous pollution projections too low'

FASTER-THAN-EXPECTED economic growth in China and India, prompting a sharp rise in energy consumption, has led Ross Garnaut to conclude that previous carbon pollution projections may be too conservative. Just as British economist Nicholas Stern did before him, Professor Garnaut has adopted one of the more extreme projections of growth and energy intensity, leaving him open to criticism about his economic assumptions. Professor Garnaut argues there is now solid evidence that presumptions of global growth and energy intensity - the amount of energy used for every \$1 of economic output - have been underestimated. The worst scenario of the UN International Panel on Climate Change was likely to be conservative, Professor Garnaut says in his interim report on climate change. "Assuming more realistic growth and energy intensity for China and India alone produces higher projected global emissions from fuel combustion even than the most pessimistic of the IPCC scenarios out to 2030," he says. Professor Garnaut says that, in the IPCC scenarios, energy intensity is due to fall globally by 0.2 per cent a year through to 2030. Energy intensity has fallen by that proportion in the past decade, primarily because of changes in consumption. China recorded falls in energy intensity, but this was largely one-off, following the decommissioning of inefficient former state-run factories and power plants. There were concerns that the energy efficiency gains may be lost as China continues to grow. "The energy intensity in Chinese growth in the 21st century has been far higher than in the 1990s," the Garnaut report says. The interim report does not reveal any of the modeling and economic work being performed by Treasury, which will form the basis of the final report. It does, however, draw extensively on the work of a Victoria University team in a government-sponsored report last year, Climate Change and the New World Economy. Those authors concluded that the worst-case emissions scenario adopted by the IPCC was "no longer a reliable tool for medium-term analysis in the new economy". They noted that the Chinese Government's 11th five-year plan, 2006-10, aimed to reduce energy intensity by 20 per cent, but this was unlikely. For India, the projections appear on track, but the process of bringing a large proportion of the population out of poverty will create problems. Professor Garnaut measured Australia by per capita level of emissions - a high figure compared with that of other nations - rather than by the absolute amount of carbon contributed to global stocks - a low figure. He says there was a political reason for the choice, with Australia keen to take a leading role in mitigation of carbon pollution and developing rules for a carbon trading system.

Climate compensation on the table: Wong

Climate Change Minister Penny Wong has confirmed tax breaks and welfare measures to compensate low-income families for the rising cost of energy will be considered as part of the plan to tackle greenhouse emissions. Senator Wong said options raised by Ross Garnaut today in his report to the Government to provide relief to families would be investigated. Professor Garnaut raised the prospect of tax breaks and welfare reforms to help low-income families cope with rising energy prices as Australia shifts to a low-emission economy. "In considering the design of the emissions trading scheme, we said we would consider measures to address the impact on households, including low-income households," Senator Wong said. "We are very conscious of that. So obviously the suggestions of Professor Garnaut in relation to tax and welfare issues will be considered. "We are committed... to measures to address the impact on households, particularly low-income households. "But I again go back to the primary issue: we know from what the scientists and economists are telling us that that the cost of inaction will be greater than the cost of responsible action now. "So the choice this Government will make is to engage in responsible action now." Senator Wong said the Garnaut review would be one of a number of submissions the Government would consider in setting its strategy on climate change. "We welcome Professor Garnaut's input ... of course we will also be looking at other inputs, such as modeling from the Australian Treasury."

Cut early, deep - climate chief

Ross Garnaut urges new greenhouse gas targets to tackle climate change

The architect of the Federal Government's climate change policy says Australia should make early, deep cuts in greenhouse pollution and press other nations to follow suit. Economist Ross Garnaut, who today releases the interim report of the Government's climate change review, also backed the adoption of interim emissions targets.

Professor Garnaut told a solar power function in Adelaide that the Government may need to go further than its target of cutting emissions by 60 per cent by 2050. "Australia would need to be prepared to go considerably further in reduction of emissions as part of an effective global agreement with full participation by major developing countries, designed to reduce risks of dangerous climate change to acceptable levels," Prof Garnaut said. "Unfortunately, time is not on our side. I am increasingly of the view that climate change is a problem we must as a global community tackle effectively in the next few years if we are to avoid unacceptable levels of risk." He said Australia's vulnerability to climate change and its ability to cut emissions suggests it "should be pressing the international community towards the strongest feasible global mitigation outcome". The economist supported the European Union approach of settling interim targets provided other developed countries made comparable pledges. "This sort of approach, which should apply both to interim emission targets and to long-term targets or budgets, is a sensible way of finding a middle ground between doing nothing and doing too much." Prof Garnaut said international agreements on emission reduction would need to be tackled on a per capita basis to ensure developing countries came on board. While a minor contributor overall to the world's emissions, Australia has one of the highest per capita rates of pollution. Prof Garnaut also argued against nations delaying tough measures. "Without strong action by both developed and major developing countries alike between now and 2020 it will be impossible to avoid high risks of dangerous climate change. The show will be over. "Waiting until 2020 would be to abandon hope of achieving climate stabilisation at moderate levels." Prof Garnaut's final report, which will inform the Government's plans for an emissions trading scheme, is due in September. The Climate Institute said his speech struck the right note on tackling global talks for a post-2012 regime. "It's in Australia's interest to take a leadership position internationally but also to take advantage the huge opportunities we have in Australia to reduce emissions to set an example at a global level," policy director Erwin Jackson said.

Climate report 'just early thinking'

The Federal Government has tried to play down its chief climate change adviser's call for even deeper cuts to dangerous greenhouse gases. Economist Ross Garnaut in his interim report on climate change policy released today says the Government should set a 2020 greenhouse target this year and consider setting a tougher 2050 target. "Australia should be ready to go beyond its stated 60 per cent reduction target by 2050 in an effective global agreement that includes developing nations," Prof Garnaut said. The report says such an approach would see the nation play a positive role in global talks for a post-Kyoto regime. "Australia should formulate a position on the contribution that it would be prepared to make to an effective global agreement, and offer to implement that stronger position if an appropriately structured international agreement were reached," it says. It calls on the Government to set an interim 2020 target later this year similar to those accepted by other developed nations. The European Union has a 2020 goal of cutting emissions by 20 per cent. Climate Change Minister Penny Wong said Prof Garnaut's report would be an "important input" to government policy. "We welcome Professor Garnaut's input ... of course we will also be looking at other inputs, such as modeling from the Australian Treasury," she said. The Government plans to introduce an emissions trading scheme by 2010 as the centrepiece of its climate change measures. "We are conscious of the impact on the Australian economy and we will ensure that the scheme addresses the impacts on households and also on industry," Senator Wong said. "(But) we know, and Australians know, that the cost of inaction is greater than the cost of responsible action now." Senator Wong called today's report - the final document is due in September - "early thinking" on the policy response to climate change. Australian Greens leader Bob Brown said the Government was trying to minimise the importance of Prof Garnaut because he had followed the science. "Penny Wong has reduced Ross Garnaut to input," Senator Brown said. "There are huge vested interests at play here; the coal industry, the aluminium industry, the forest logging industry and it's up to the Rudd government to put this country ahead of those vested interests." Prof Garnaut also cast doubt on the Government's renewable energy target, saying it might not be needed once the emissions trading scheme (ETS) is established. The Government has a goal of ensuring renewable energy makes up 20 per cent of power generation by 2020 which the economist said would be helpful in the early stages. "(But) once you've got a full ETS going you can't say that other systems are essential for mitigation," Prof Garnaut said. He said Australia was more vulnerable to climate change than developed counterparts but was relatively well placed to cut emissions and promote strong global action on climate change. "Australia has ... an advantage of sorts in mitigation because we've been pretty profligate in the use of energy in the past. Prof Garnaut said it was inevitable there will be extra costs on households but income from selling ETS permits could help ease the burden on low-income earners. "This is a hard reform but get it right and the transition to a low-emissions economy will be manageable ... get it wrong and this is going to be a painful adjustment. "We're only going to solve this problem if we find a way of keeping economic growth going and prosperity going but breaking the link between economic growth and emissions."

The Garnaut Review was commissioned last year by federal Labor while in opposition, in co-operation with state governments. State premiers today vowed to act fast on the report's recommendations. "The challenge here for government is to really turn this into what I would describe as a climate of opportunities," Victorian Premier John Brumby said. The federal Opposition said it would not commit to 2020 or 2050 targets until after the final Garnaut Review is submitted. "We will seek to co-operate with the Government on as many areas as possible, because we want to solve this problem," climate change spokesman Greg Hunt said. Some Coalition backbenchers were less enthusiastic about embracing bold targets. "(Prime Minister Kevin) Rudd's already gone too far on climate change," Liberal MP Barry Haase said ahead of the report's release.

Time to act on climate change - ACF

Environmentalists today said the Garnaut Review on climate change's interim report is a wake-up call to all Australians that tackling climate change is urgent, and immediate action must be taken. The report by economist Ross Garnaut says Australia should make a firm commitment this year to reducing greenhouse gas emissions and create a 2020 emissions target. The Australian Conservation Foundation (ACF) says it is surprised by the strength of the interim report. "I think what is interesting is that as an economist he's saying this issue is far more urgent than we realised and he's urging Australia to really strive towards deep cuts in greenhouse pollution," ACF executive director Don Henry said. "So I think we should hear that message and get cracking." Mr Henry said the document sent out a stronger message than was expected. "I mean, here is a leading economist saying what our leading scientist and environmental organisations have been saying for some time - that we need strong targets that we've got to get cracking and we've got an opportunity to be international leaders," he said. "He's saying it's bad for our economy if we don't act and good for our economy if we do." Mr Henry said he took a few key messages out of the report. "This issue is more important than we realised - time is running out," he said. "We've got to have deep, science-based cuts in our emissions and take a leadership role and that will be good for our economy, as well as handing on a healthy planet to our kids."

Wong: We'll count costs of climate change

The Garnaut Review will be one of a number of inputs that the Federal Government will consider as it formulates its strategy on climate change, Climate Change Minister Penny Wong has said. In the interim report released today, the Garnaut Review says Australia is at a greater risk from the effects of climate change and should commit itself this year to greenhouse reductions targets - and then exceed them. "Australia should make a firm commitment in 2008, to 2020 and 2050 emissions targets that embody similar adjustment costs to that accepted by other developed countries," the report's executive summary says. "Some version of the current state and federal targets of 60 per cent reduction by 2050, with appropriate interim targets, would meet these requirements." Senator Wong said Professor Ross Garnaut's report would be an "important input" into the government's consideration of its approach to climate change. "We welcome Professor Garnaut's input ... of course we will also be looking at other inputs, such as modeling from the Australian Treasury," she said. "I want to make very clear the approach the government is taking when it comes to climate change. "The Australian people do want this nation to take responsibility when it comes to climate change ... However, we will approach this responsibly." Senator Wong has said the Government was mindful of the economic cost of taking steps to combat climate change. "We have stated we will ensure that the reduction of greenhouse gases occurs at lowest cost possible to the economy and households, that is why we are putting in place a market mechanism which is the emissions trading scheme. "We are conscious of the impact on the Australian economy and we will ensure that the scheme addresses the impacts on households and also on industry. "(But) we know, and Australians know, that the cost of inaction is greater than the cost of responsible action now."