

**Notes for CEDA Presentation by Ross Garnaut**  
**OPPOSING REPEAL SERVES WEST AUSTRALIAN INTERESTS:**  
**WHY CAMERON AND MERKEL ARE WATCHING WA**

**1 April 2014**

1. Resisting climate law repeal is a WA issue:

- all countries hurt by more than a couple of degrees of warming.
- Australia hurt more than any other developed country.
- Southwest of WA more than any other part of Australia.
- Current but not alternative policies allow Australia to do fair share at reasonable cost.

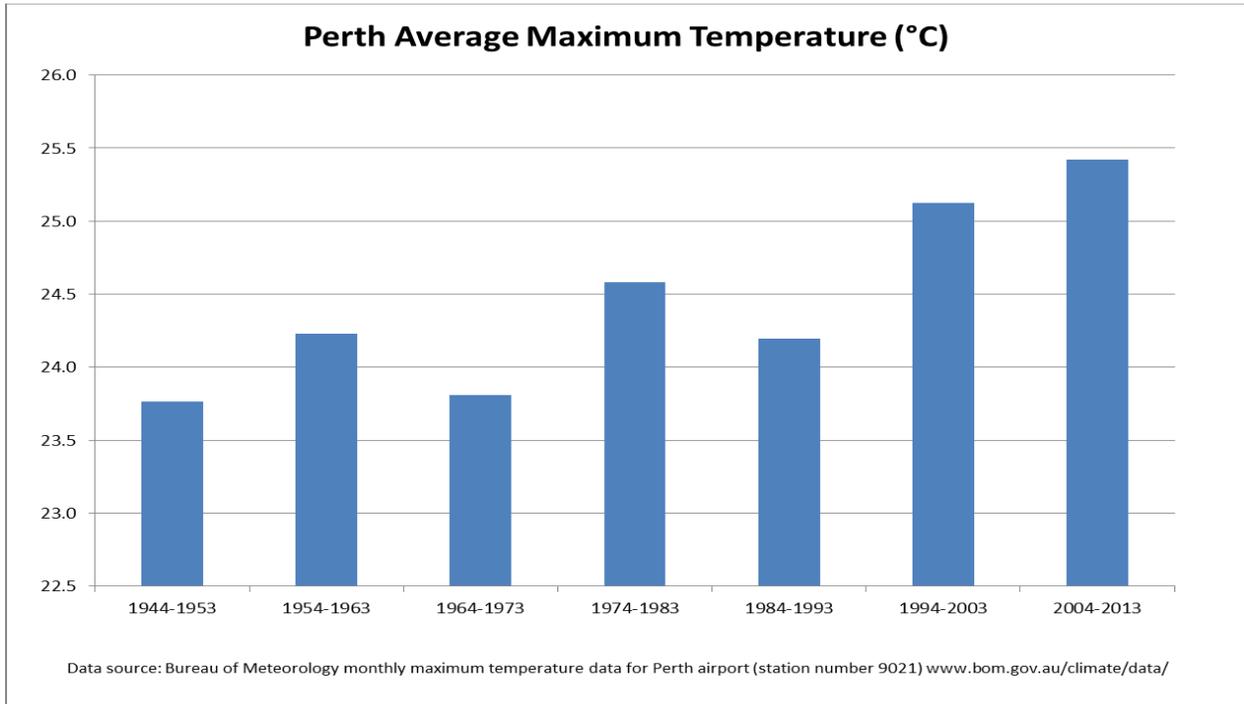
2. Australia hurt more than any other developed country:

- already hot and dry and vulnerable to extreme heat events, with climate close to the water and heat tolerance of agriculture.
- in a vulnerable region of developing countries.

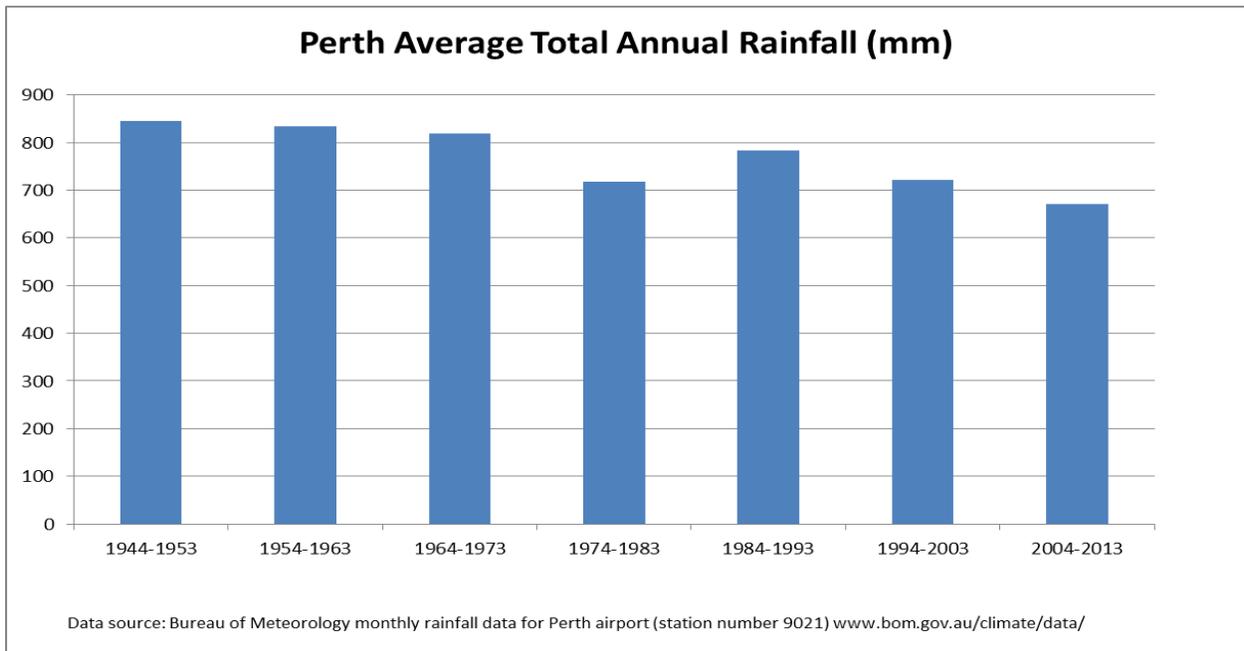
3. Drying of WA southwest influenced by:

- wrong latitudes (like the rest of southern Australia).
- wrong longitude (parallels between southwest Australia and north China Plain).
- wrong side of continent: changes in westerly winds that bring winter rain to “Mediterranean” regions.

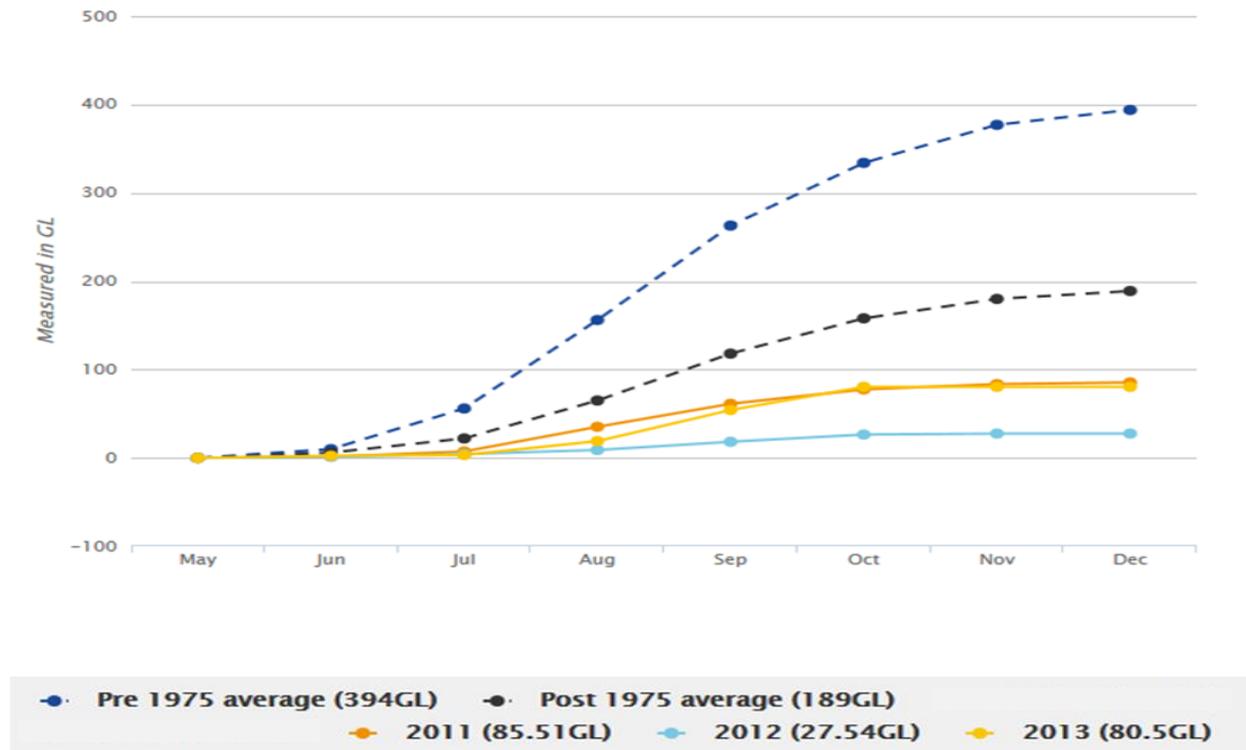
4. Chart A: Perth temperature increases since mid-20<sup>th</sup> century



5. Chart B: Perth rainfall declines since mid-20<sup>th</sup> century



6. Chart C: Decline in streamflow into WA dams



7. Current laws support:

- Climate Change Authority to advise on targets now and in future.
- Carbon pricing.
- Renewable Energy Target pending lift in carbon price.
- Australian Renewable Energy Agency (ARENA) to support innovation.
- Clean Energy Finance Corporation to allow flow of capital at time of extreme policy uncertainty.

8. TARGETS:

Current Australian commitment to the United Nations Framework Convention on Climate Change supported by Abbott Government before last election:

- minus 5% whatever others do.
- minus 15% if other developed countries make comparable and developing countries substantial efforts.

- minus 25% if there is international agreement on policies that will hold temperature to 2 degrees.

9. Climate Change Authority has reviewed international effort and advised that the appropriate number for Australia is minus 19 percent.

- this compares with minus 17% for the United States.
- minus 20 percent unconditionally for Europe and comparable numbers for other high-income countries.
- major commitments to reduce emissions intensity in major developing countries.

Other countries are on track to meet their targets.

#### 10. REPEAL

Repeal of Climate Change Authority makes raw politics the arbiter of targets, unmediated by expert advice.

Review of Renewable Energy Target (RET) could reduce momentum of emissions reduction in electricity

Repeal of carbon pricing removes low-cost way of achieving reductions

- taking over from RET in electricity sector as carbon prices rise in future.
- in combination with Renewable Energy Target and other policies has changed trajectory of emissions despite huge growth of fugitive and combustion emissions from LNG and coal expansion.
- with no disruption of the Australian economy.

#### 11. Assistance for trade-exposed industries large but retains incentives for emissions reductions

- free permits to each industry based on average emission intensity of Australian production before carbon pricing.
- firms rewarded for being lower than average.
- can make profit if emissions reduced to less than earlier Australian average.

#### 12. Example of nickel refining

- average contains high-emissions Townsville refinery and low-emissions Western Australian production
- Townsville refinery has substantial liabilities despite getting free permits for over 90 percent of pre-carbon pricing average Australian emissions

- WA refineries probably make profit
- repeal rewards high-polluting Townsville refinery and penalizes low-emissions WA refining

13. Emissions Reduction Fund (ERF) (“Direct Action”) expensive and unlikely to reach targets:

- carbon purchased by Fund to be overwhelmed by increases in other enterprises in absence of hard caps and penalties.
- minimum budget loss of \$4-5 billion.
- success in emissions reductions would require intrusive caps and penalties for breach on all enterprises.
- economic costs of direct action borne by Australian businesses and households even if hidden by process.

14. Budget costs could be much higher:

- reaching stronger targets that are necessary to meet Australian commitments.
- making up for weakening of RET and other complementary policies.
- making up for increased emissions from businesses not being paid by ERF.
- no trade in abatement with Europe and Clean Development Fund to cap costs.

15. The main game is supporting global effort

- running out of time for 2 degrees objective agreed by international community.
- must have proposals on table this year for Paris meeting of UNFCCC in 2015.
- Australia behind the international effort now.
- and if carbon laws repealed, cannot credibly propose more ambitious targets.

16. Other governments are concerned at Australia changing course on climate change

- widespread concern at non-representation at 2013 UNFCCC meeting.
- concern that two high-emissions developed countries are undermining global effort.
- Canada and Australia.
- Canada at least committed to matching US emissions reductions.

17. Contrast with conservative governments in the UK, Germany and France.

- Lord Deben: Australia spoiling other countries’ efforts.
- Professor Lord Nicholas Stern on ABC Lateline last Thursday night.

18. Contrast with US Government:

- Obama: we can't wait for a meeting of the Flat Earth Society.
- Secretary for State John Kerry: Climate Change a weapon of mass destruction, possibly the worst weapon of mass destruction.
- Secretary for State John Kerry instructing US Embassies everywhere that action on climate change in preparation for Paris 2015 is the US's highest foreign policy priority.

19. WA Senate election will make a difference to dynamics of repeal in the Senate

- could mean 7 of 8 "independents" required for Government to pass bills.
- positions of "independents" different on repeal of carbon pricing, CCA, CEFC and RET.
- two "independents" say they want to evaluate alternative before committing to repeal.
- depends on how Palmer United Party manages its acknowledged conflict of interest.

20. The Abbott government will be dragged down by climate policies if it succeeds in repeal:

- uncertainty on policy continues.
- increasingly intrusive and arbitrary interventions will be suggested to make "direct action" work.
- Australia on defensive internationally for not doing its fair share.
- an albatross that will drag down the Abbott government.