

Public Submission: A personal perspective  
Garnaut interim climate change review.

Dear Sir,

In reading the Garnaut interim review on climate change, I find the science terrifying and the mitigation proposals of carbon emission horrifying. The following notes are my reaction to the interim report.

A great deal of emphasis is place on mitigation of fossil fuel emissions from a 'top down' approach. What is seen as good for Europe is good for the world is good for Australia. Australia is a continent with wide diversification of climatic regions and a broad spread economy. We also have a sparse population with major cities remote from each other. Our energy requirements are different from other countries though we are asked to adopt carbon emission control wrapped in European ideals and motives.

The approach is mitigation through carbon budgets and taxation. The ends justifying the means as penalties are inflicted on the greater mass of population at the bottom of the economic pyramid.

We all use energy, electricity and fuel for a purpose. Whilst we may be able to modify habits and reduce energy requirements, our lives depend on it. At this point of time there is no reasonable alternative to fossil fuels and any increase in costs or scarcity has a major impact on our lives and the way we do things. We can tinker at the edges with alternative energy sources, but it won't solve growing energy needs, nor the products derived from coal, gas and oil.

We are already seeing a heavy rise in costs of fossil fuels from supply and demand, production and distribution costs and mandatory renewal energy input. The price is again affected by currency fluctuations, commodity trading, excise (oil) and GST. What is proposed by the Garnaut review is an issue of a budget allocation on emissions, cut back annually together with another level of taxation. The tax here applied at the production level which has a compounding effect on prices more like sales tax than a goods and services tax or excise (capped) on oil. Emission may be allocated or sold to firms will become a tradable commodity with big business having an opportunity to squeeze out small players or restrict competition. As well as this emission allowances will become a medium for market trading. Add on cost as proposed include research and development, network infrastructure and addressing impacts on communities. Business that can't pass on the direct or indirect costs will go broke or move overseas. Meanwhile without restraint on governments (all levels) their use of energy (not being 'firms' and receive a budget allowance) the higher costs will be passed onto the taxpayers. The Garnaut interim review envisages monetary assistance to developing countries to reduce dependence on emissions. This is wishful thinking. If for instance we put 240 million Indonesians on our social security benefits scheme, it won't curtail their emissions.



The lower income consumer already pays a disproportional part of income on energy, directly and through flow on costs. As in any price rise, expenditure will have to be prioritised but with energy we have few options resulting in reduced expenditure on other goods and services. First the passive options of lower birth rate, high rise living, granny dumping being part of the formula. Otherwise we may be able to adjust to the price pressures marginally but ultimately increased inflation will result. This will see the Reserve bank increase interest rates without compensating increase in business profits and wage adjustments.

It's envisaged that low income earners will be compensated, farming will initially be exempt, special consideration given to trade export industries and regional hand outs given to worst effected areas. As an island state, air and shipping, both high polluters are a necessary part of our economy and will have to be exempt. Perhaps others like charities, religious organizations, private hospitals, nursing homes, fishing industry, rural based retailers and services, education and commercial travellers can also mount a case for special consideration. Compensation however if the objectives are to be achieved will only amount to a placebo effect.

To conform to emission targets it is suggested that compensation is unlikely to be paid for the closure of coal mines and polluting power stations. This would see shareholders including superannuation investments lose heavily as a result. My readings suggest that should this happen however compensation will be successfully challenged in the courts.

I question some of the grand statement in the review. Mention in the report for example is that heat waves can lead to the death of people, the aged most vulnerable. Many factors are involved, the overall increase in temperature of 0.7degrees in the last century not being one of them. If we see overall temperatures increase in the next 50 years by 2-3 degrees it may make some hot days a little more uncomfortable. For those of us who live in cool climate district of Australia however whilst we won't freeze to death we can still die of cold if heating becomes too expensive or unavailable. As seniors and low income earners we are more likely to live in older homes with poor insulation and drive older less efficient cars. Similarly vector- borne diseases are not isolated to hot climates illustrated by the fact that Russia in the 1920's had the greatest outbreak of malaria in the last century and which was endemic in Europe during the little ice age. Bleaching of coral can be by cold as well as warmer water. The list goes on.

The Garnaut review has a heavy responsibility though guided by 'terms of reference' needs to be thorough and correct. There is no place to hide in what is an extremely serious matter. The Review is likened to the Stern Review which has been strongly criticised and my understanding is that none of its recommendations have been adopted by the British government. For its part the Kyoto agreement has so far done little to reduce carbon emissions and considered a failure by many experts. In Europe carbon permits are traded much like physical commodities under a 'cap and trade' programme resulting in a considerable transfer of wealth but has yet failed to produce big reductions in emissions.

Take the statement - a greater than 90 per cent chance - that 'the global average net effect of human activities since 1750 has been one of warming' (interim report, quote-IPCC). Sensational wording, possibly correct, but not the same meaning as the more questionable statement '..... greater than 90 per cent probability that the warming observed since 1950's is due to human activities.' (IPCC, 2007). I am becoming sceptical when I read this and other gross statements without supporting information.

There are limitations to the science of human induced climate change as outlined in the interim review. What is thought to be known is interlocked with estimates, averages and consensus then projected into forecasts on future climate. This in turn becomes the basis of economic projections and control of emissions of fossil fuels.

When discussing emission budgets in the Review, increased population in Australia was regarded as a good thing. That's hardly the point when the terms of reference are for a reduction of 60% by 2050 of the 2000 emissions. Here we are clearly at a disadvantage when population (ABS projections) is for a greater than 60% increase over the same period. Again reference to Australia having a significant rural based economy is not matched to our emission reduction problems. Figures for instance show 21% of our greenhouse gas emissions are farming and forestry with 67% of emissions standing energy and fuel. It is only on standing energy and fuel on which we can make reasonable emission reductions.

We are a western civilization, a democracy with proportional representation, governed by the rule of law, the separation of powers and that of religion and state. We are located far from most developed nations of similar values. Even USA has a 'first past the post' style of presidential elections whilst we have compulsory voting and a Senate in particular more influenced by minority groups. Some of these minority groups have over-reached their influence both here and in Europe.

Europe may be for many our ancestral home, but we live in a different world. Our part of the world is dominated by mass populations of uncertain government and religious styles. Australia was 50 years ago a very different place than it is today and by 2050 will be very much different again. We have the energy source; Europe has used up most of theirs as they flirt with socialism and set up economic barriers and political measures for their own survival.

Our interests are not Europe's or for that matter anyone else as we compete for economic survival in an ever growing hostile world. A case of 21 million Aussie's versus 6 ½ billion people in the world. To appease the IPCC, to hand over sovereignty, to pay penalties for non compliance to economic blocks or to conform to foreign demands be they Europeans, Asian's, Muslims or other political and religious states is not necessarily in our interests.

This is probably political realism and is a good reason why we don't like the military, religions, or economists to run the country. The last time a Dr of Economics and former senior university lecturer was federal treasurer in a Labor government, he proved less than competent. The difference between academic theory and social experiment, this time through denying resources, lacks reality and ultimately will be unacceptable to the public. Economists can't even keep our economy from gyrating, currently leading to loss of trust in financial management. Take statements like 'buoyant markets could easily overwhelm the impacts of a price on emissions' (Review). To me this suggests compensating income (wage) increases to match inflationary cycle caused by the carbon tax. When the income increase is added to low income offsets, economic management will enter a new fog damming the 'Ruddernomics' of climate control.

The proliferation of government agencies, scientific, economic, and business groups have joined hands in the concept of climate change. The purpose of bureaucracy is to solve the problem but survival instincts take over and have no wish for the problem to disappear. In short there is a growing need for expansion of the problem rather than to consider natural climate shift as the real cause of global warming since the 1850's. Proponents of human induced climate change discount the opinion of those who's professional opinion and scientific research differs. The evidence of climate shift is more certain than computer generated forecasting of human induced climate change. Perhaps the fear of climate change is being over exploited by those in power.

To get developing economies on board, to reduce CO2 emissions, budget allocations are proposed for all countries based on per capita basis. It is envisaged that developed countries tax payers will have to pay compensation to these countries. This gives the overall picture of economic catch up by developing countries at the expense of developed countries. This however comes under question. The Interim Garnaut report and I quote in part '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' '...there is limited headroom for continued emission growth in developing countries'. 'For the 550ppm CO2-e illustrative stabilisation scenario, the same one-third cut in developed countries emissions would leave developing countries having to hold emissions growth to 2.5 per cent per year between now and 2020, less than half the rate of increase of the early twenty-first century'.

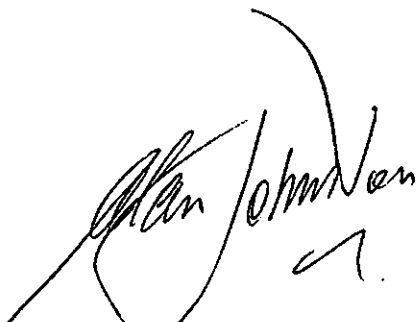
As we have switched from 2050 to 2020 target reductions, I turn to Garnaut report where Australia's population increased at 1.5% in the year just past (ABS, 2007). If this increase is maintained it means Australia's population will increase by over a thirty per cent of the 2000 figure by 2020 against an emission reduction objective of thirty per cent. This is the scenario where the terrifying aspect of science and horrors of economics mitigation meet.

The economics of abatement put forward to me are unrealistic. If the tough measures are attempted Australian's could face an industrial base of stranded assets, the forgotten people dispossessed of means. At this point adapting to global warming seems a better proposition. After all we can't spend our way out of debt; we can't drought proof Australia, we can't even feed the worlds population or control disease so why do we think we can change the weather.

As a layman I can carry faith in science and economic theory and government only so far. I look to the Garnaut review to be totally honest and believable. At this point of time I believe that global warming is a fact and that human's have a significant impact on ecology and world climate. I need an honest broker of information, not computer generated predictions or political, scientific or economic wizardry.

As we go forth, the government has a particularly hard task ahead of it, balancing objectives against practicalities. It is hard to imagine that compromising sovereignty, transfer of wealth to commercial interests, impoverishing the lower income earners and the denial of energy to our citizens is in our countries best interests. Neither do I think that Kevin Rudd would want to be known as the Prime Minister who advanced Australia backwards.

Yours faithfully

A handwritten signature in black ink, appearing to read "Alan Johnson". The signature is written in a cursive, somewhat stylized script. There is a small mark below the signature that looks like a checkmark or a flourish.