

**Submission to the  
Garnaut Review**

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### **Background of Climate Action Newcastle**

Climate Action Newcastle (CAN) is a grass-roots community group established in 2006 by a group of committed local individuals concerned about rising greenhouse gas emissions in Australia, and the role of Newcastle as the largest coal exporting port in the world. We have enjoyed great successes in community education campaigns, and have staged several key events including the 'Smart Energy Expo Newcastle' in September last year as well as the Climate Action Newcastle Annual Lectures which have featured Professor Ian Lowe AO President of the Australian Conservation Foundation and Dr Mark Diesendorf from the University of New South Wales, and other awareness-raising activities.

We continue to build strong relationships with other members of the Climate Action Network Australia (CANA) as well as other environment groups, many of whom have already made their own submissions to your review. Not-for profit organisations such as these continue to amass public support and political sway, and have many insightful individuals who have clear and achievable goals for our country's sustainable future, as well as robust strategies to meet these.

The following submission represents the views of Climate Action Newcastle (CAN) for consideration in the Garnaut Review of Climate Change. The first section of this submission deals directly with the published content of the Garnaut Interim Report (February 2008), the second to the Emission Trading Scheme Discussion Paper (March 2008), the third with Electricity Generation (discussed in Issues Paper 4 - Research and Development: Low Emissions Energy Technologies March 2008) the fourth on Transport and the Built Environment (Discussion Paper 5: Transport, Planning and the Built Environment, February 2008), and the fifth with other issues associated with climate change not yet discussed in great detail by the review.

## **1. Responses to the Interim Report to the Commonwealth, State and Territory Governments of Australia.**

### **CAN is agreement with the following sentiments and processes raised in the Interim Report (February 2008):**

1) That strong, quantifiable action needs to be taken now.

Climate change is a global emergency, and an immediate emergency response is imperative.

2) The four general components of the *“successful framework for global mitigation.”*

### **CAN has issue with the following points made in the Interim Report:**

1) *“Australia’s interest lies with the world adopting a strong and effective position on climate change mitigation.”*

CAN argue that perceived unwillingness on the part of other countries (particularly developing countries) should not be used as an excuse for insufficient approaches to or delays in curbing Australia’s emissions. As one of the wealthiest nations (per capita), and one that has ridden the fossil-fuelled economic booms of the past century, Australia should relish the opportunity to set an example to other countries in the race to lowering emissions. We cannot afford to wait for the “full participation of major developing countries” in order to “go considerably further in reduction of emissions.” We also have a moral obligation to phase out coal exports and assist other countries through our own development of renewable energy technologies.

2) *“Reconciling the maintenance of rising living standards in Australia and abroad with effective mitigation”.*

CAN argues that “standards of living” are not synonymous with “quality of life,” and that the increasing amounts of mass-produced, imported consumer goods associated with the increasing “standards of living” are seriously threatening the future quality of life of the human race and other species throughout the entire biosphere by the carbon emissions resulting from their manufacture, transport, and disposal.

Currently, consumption of these goods is far too excessive and unsustainable, and must decrease for Australia to move forward in reducing our emissions. Of course, this transition will have major economic effects, but should be regarded as a challenge to reconstruct the global economy to reduce consumerism for consumerism’s sake. Australia must aim for self-sufficiency and sustainability in terms of food and goods production.

## 2. Submission on Emissions Trading Scheme (ETS)

CAN strongly supports Professor Garnaut's public comments since release of the ETS discussion paper that the effectiveness of an ETS is reliant upon permits being auctioned and not given freely to high emission industries. We agree that to give out permits to these industries would significantly constrain the effectiveness of an ETS, and that a carbon tax would be more effective than a poorly designed ETS such as this.

### **CAN is in agreement with the following key points in the ETS Discussion Paper 20 March, 2008:**

1) *"Australia should declare the ambitious emissions budgets and target trajectories that it would be prepared to accept in the context of an effective, comprehensive global agreement"*.

#### CAN comments:

We maintain that Australia has the capacity to implement these targets in the absence of a concrete global agreement. Too much precious time will pass before international consensus, let alone a functional international agreement, can be achieved.

Australia needs to immediately reduce greenhouse gas emissions prior to legislating sequential targets. Ambitious future reduction targets are meaningless if emissions continue to rise sharply as they will continue to do for some years to come based on current figures.

2) That a set number of carbon emission permits are required for a successful ETS. Professor Garnaut also stated in late March that government subsidies will encourage wasted time and resources on corporate lobbying rather than investment in energy efficiency renewable technologies.

#### CAN comments:

Emitting industries (including electricity generators, minerals and metals mining and processing, and the transport sector) must not be given free permits, as these industries make up the majority of Australia's domestic emissions.

If a realistic price of carbon pollution is economically prohibitive for some environmentally unsustainable practices within industries, and potentially entire industries, they must follow the fate of past unviable industries – that is, evolve or perish. Major changes to the domestic and global economy will likely result from the effective implementation of realistic carbon prices – our view is that this is inevitable, but need not be viewed as disastrous. As the Interim Report points out, Australia is endowed with an excellent human resources base with ingenuity to deal with at times extraordinary future challenges.

If any permits are to be given to such industries from the government as part of a transitional arrangement, they must be from within the credits cap and not surplus to it, as occurred in the EU emissions trading scheme. Industries receiving such subsidies should have to apply openly to government for funding, in competition with other disadvantaged groups, such as low income households. However, auctioning of ALL permits is the preferred option.

CAN strongly agrees with other submissions from financial institutions and organisations such as Westpac and the Australian Financial Markets Association that emitters who purchase carbon credits should not be allowed to defer purchase of credits, in the hope that the carbon price will fall and/or

that the government will bail them out in the future (Breusch 2008a). We agree with these submissions that carbon credit banking of unused credits would send a much stronger price signal to emitters and therefore result in much quicker transitions to higher-efficiency operations.

How Australia designs its ETS will influence similar schemes developed by our global trading partners. We must ensure that our ETS will encourage realistic global prices of non-renewable commodities and transport costs, through a robust “polluter pays” mechanism. We should not subsidise domestic fossil-fuelled industries such as metals smelting when these are increasingly being produced with renewable energy elsewhere.

Low income households will likely struggle with increased electricity costs under an ETS. Financial support should be given to these households primarily to implement energy efficiency measures, and subsidised public transport.

### **3. Submission on Electricity Generation and Related Issues**

[Electricity Generation \(Issues Paper 4 - Research and Development: Low Emissions Energy Technologies \(PDF, 176kb\)](#)

CAN comments:

#### **i) Electricity generation**

Electricity generation is inextricably linked with any proposed ETS, and fossil-fuelled generators should not be given any concessions in this scheme, so that renewable technologies may compete in a (more) fair market. A realistic ETS would render coal combustion for energy purposes economically unviable compared to renewable alternatives. Economics aside, CAN agrees with many other local, NSW-based and national environmental and community groups that no new coal fired power plants should be built, and coal mining for exports should be phased out.

The era of cheap electricity is over. Electricity must be priced realistically (that is, highly) in order to fund the investment in renewable technologies that are urgently required. The costs for electricity must be shared equitably between users, including industry and domestic users. Where necessary, low income households should have access to financial assistance from governments, using funds generated by the ETS. Current practices of heavily subsidising high energy intensity industries such as aluminium smelters must cease immediately.

Research and development into carbon sequestration is a futile exercise and a gross misallocation of funds, given it is highly uncertain in the face of competition by numerous proven renewable technologies (list and related stats). John Boshier, the executive director of the National Generators Forum has indicated that carbon sequestration could likely be too late to be economical in a carbon-trading economy.

Australia is well placed to become a global leader in the renewable energy sector; indeed some of the brightest innovators developed their craft here and have been forced to take their emerging technologies to overseas investors due to the hostile response from the previous Federal Government. Funding for renewable technologies should be greatly increased, and funding for carbon sequestration reduced.

## ii) Electricity Demand Reduction

Electricity demand reduction should be legislated across the country, by both state and federal governments. In particular, the perceived need for base-load power (especially in NSW) must be acknowledged to be unjustified, due to the significant demand reductions that can be achieved. As Mark Diesendorf points out in his 2007 book "Greenhouse Solutions With Sustainable Energy", if off-peak hot water systems in NSW are replaced by renewable or gas-fired power, NSW will not require a base-load power station in the near future.

## 4. Submission on Transport and the Built Environment

Issues Paper - Forum 5: Transport, Planning and the Built Environment (19 February 2008)

### CAN is in agreement with the following key points in the Issues Paper 5:

- 1) *"Transport, land-use and buildings are major contributors of greenhouse gas emissions"*
- 2) *"Fuel use in transport is a substantial source of greenhouse gas emissions, accounting for 14 per cent of Australia's emissions in 2005"*

#### CAN comments:

One million new cars were sold in Australia in 2007, and a large proportion of these were salary-sacrificed government and industry fleet vehicles, which attract more than one billion dollars in tax concessions. All three levels of Australian government should become more involved in working together to plan and develop long-term public transport strategies which are socially, environmentally and economically sustainable. Electric-grid technologies which can be fuelled by renewable electricity sources are by more favourable than diesel or LPG-dependent combustion engines, as global oil supply will dwindle over the next few decades.

- 3) Domestic aviation is projected to increase by almost 200% within the next 12 years.

#### CAN comments:

This trend will significantly increase emissions. The serious issue of emissions resulting from increased international transport and goods freight should be urgently discussed with other countries as part of international climate change and ETS development.

- 4) *"one of the most substantial barriers to the use of public transport, walking and cycling is the lack of appropriate infrastructure and services"*

#### CAN comments:

Public transport is being woefully underfunded in direct competition with road infrastructure, which encourages car use. Urban design and public transport are interdependent, and CAN appreciates the complexity of the issues involved in both sectors. Higher density urban living in close proximity to well designed and affordable public transport networks is a major way of circumventing excessive car dependence.

## **5. Climate change issues not yet discussed in the Garnaut Review process**

### **A policy framework and timeline for mitigating climate change**

Australia is in urgent need of a timely, robust, effective and accountable strategy that encompasses all the major changes that are urgently required in Australia to hold back the tremendous threats of climate change. Since the Garnaut review process began, Professor Garnaut has proved that his team has the insight, foresight, timeliness and resourcefulness for this task. Through the collaboration of Professor Garnaut and the Australian federal and state governments, Australia is politically very well placed to set a global example for effective climate change mitigation policy design.

### **Carbon Offset Schemes**

This industry should be regulated as soon as possible so that offset schemes can be made transparent and accountable, and easily comparable for consumers. Further development of the ETS should incorporate policy controls for carbon offset schemes, including possible tax incentives for home and business owners.

### **Peak Oil**

To date, public understanding of Peak Oil is woefully inadequate, and federal and state governments are partially responsible for this. We feel that the Garnaut Review has not adequately addressed dwindling global oil supply and the indirect link with climate change. Public awareness campaigns should be initiated to encourage more people to use public transport instead of their personal motor vehicles.

## **6. References**

Breusch, J. (2008a) "Business warns on borrowing" *The Australian Financial Review*, 14/03/2008

Garnaut Review Interim Report and Discussion Papers (various).