

MEDIA RELEASE

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GARNAUT: START ON A 550PPM TRAJECTORY, AIM FOR 450PPM OR LOWER

Australia should put its strongest possible efforts into securing a global agreement to limit emissions to no more than 550 parts per million CO₂e and encourage the world onto a lower emissions path as soon as feasible, according to Professor Ross Garnaut's *Targets and Trajectories* report released today.

Launching the report at the National Press Club today, Professor Garnaut said that a global objective of 450ppm or lower would suit Australian interests better than a 550ppm goal.

"However, the Review has reluctantly concluded that international agreement on a global goal of 450ppm is not immediately feasible, given that emissions are currently around 455 ppm CO₂e and rising rapidly due to fast global economic growth," said Professor Garnaut.

"The path to an ambitious objective of 450ppm, or lower, is through early progress on 550ppm," he said.

Professor Garnaut said that the emissions trajectories proposed by the Review were based on the 'per capita' allocation of emissions rights, which was a fair global solution and had the best chance of securing international support for sharing a global emissions budget.

"Per capita allocations provide the only possible basis for an international agreement that includes developing countries. This is because it takes population growth into account and gradually reduces the weighting of historical starting points over time.

"The targets and trajectories that I am proposing for Australia fall out from the per capita division of the global emissions budget as a matter of arithmetic. They are based on a principled approach," he said.

Based on a 550ppm outcome, Australia's share of the burden would be a 10 per cent reduction (or 30 per cent in per capita terms) by 2020 and an 80 per cent reduction (90 per cent per capita) by 2050 over 2000 levels.

If a '450ppm overshoot' scenario were adopted, emissions would need to be reduced by 25 per cent by 2020 (40 per cent per capita), falling to 90 per cent by 2050 (95 per cent per capita).

By comparison, the European Union's per capita target would be a 17 per cent reduction by 2020 and a 69 per cent reduction by 2050.

"It's important that any proposals under consideration for the international allocation of emissions reductions 'add-up' to the desired global outcome – there would be no point in global action which was not geared at avoiding the substantial climate change impacts," said Professor Garnaut.

During the period from 2010 – 2012, in which Australia would continue to work within its Kyoto commitment, permits would be sold starting at \$20 in 2010, rising each year by 4 per cent plus the percentage increase of the consumer price index.

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“This is more or less the price path that the modelling suggests would be followed if there were effective global agreement directed towards stabilisation of global greenhouse gas concentrations at 550 ppm. If a post-Kyoto agreement were struck around 550ppm, the fixed price is likely to allow relatively seamless transition to a floating price regime,” said Professor Garnaut.

The report proposes that, in the absence of an international agreement between high-income countries and China, Australia commit to an emissions reduction target of 5 per cent by 2020 (25 per cent per capita), which is in line with the Government’s 60 per cent by 2050 emissions target. Any further commitments would be determined in the context of international progress.

The Garnaut-Treasury modelling indicates that the cost to Australia of mitigation would be 1.1 per cent GDP by 2020 under a 550ppm scenario, and 1.6 per cent GDP by 2020 under a 450ppm scenario.

“The costs of well-designed mitigation, substantial as they are, do not threaten to derail the long-term growth path of Australia, its developing country neighbours or the global economy. Unmitigated climate change probably would,” he said.

“These increases would not lead to a marginal reduction in human welfare, but a catastrophic outcome for human civilisation and most ecosystems,” said Professor Garnaut.

“Faced with these risks, it’s not a question of whether Australia should reduce emissions, but by how much. The details of the targets and trajectories that the Review is recommending will not be the best for all time. They are the best available to us now,” he said.

Modelling results in 2020 for range of policy scenarios

	AS SOON AS POSSIBLE	FIRST BEST Conditional Offer	SECOND BEST Unconditional Offer	THIRD BEST
Scenario	450 ppm scenario	550 ppm scenario	“Copenhagen Compromise”	“Waiting Game”
Emissions Reduction Commitment for 2020 relative to 2000:				
Level	- 25 %	- 10 %	- 5 %	—
Per capita	- 40 %	- 30 %	- 25 %	—
Deviations from Reference Case in 2020				
GDP	- 1.6 %	- 1.1 %	- 1.3 %	- 0.9 %
GNP	- 2.0 %	- 1.5 %	- 1.4 %	- 0.9 %
Consumption	- 2.4 %	- 1.8 %	- 1.6 %	- 1.2 %
Carbon Price in 2020				
Domestic*	\$60.0	\$34.5	\$52.6	\$29.6

Table 9.1 of Supplementary Draft Report. *Price is denominated in 2005 Australian dollars