

Submission to:

Senate Standing Committees on Environment and Communications: Inquiry into the Government's Direct Action Plan

SUBMISSION BY: Peter Boyer, journalist

TO: The Secretary
Senate Standing Committees on Environment and Communications
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Dear Secretary

I am a private citizen, a former manager in the Australian Public Service and currently a columnist on climate and energy for the Hobart *Mercury* newspaper. I have had a strong interest in these matters since I became the public communications manager for the Australian Antarctic Division in the 1980s. As a writer on Antarctic science I followed with keen interest the vicissitudes of climate policy from the formation of the Intergovernmental Panel on Climate Change and the 1992 UN climate conference in Rio de Janeiro. I have continued that interest since leaving government service.

I am not accustomed to hot weather, which is why I live in Fern Tree, on the slopes of Mt Wellington, which is usually (though not today) a few degrees cooler than down on the coast. As I write this the temperature in Hobart is rising steadily to an expected maximum temperature of 34C. While Hobart may get a slight respite tomorrow, in many parts of Tasmania the temperature will be above 30C for the rest of the week.

The point of raising this is that my reading of the science of global warming, which dates back to the late 1980s, is that what is now occurring in Australia is what has been projected to happen in all the climate models used down the years – except that it's happening more quickly than even the worst case under the IPCC's scale of scenarios. My concern is backed up by the Bureau of Meteorology. This week BOM advised that this week's heatwave is unusually intense, especially for Tasmania (see http://www.bom.gov.au/announcements/media_releases/ho/20140113.shtml) and that "the extremes are tending to become a little more extreme as we start to see the effects of climate change." (<http://www.abc.net.au/7.30/content/2013/s3924898.htm>).

CSIRO, the Australian Academy of Science, ANZAAS and a huge majority of university scientists from across Australia are now advising strong and urgent action to mitigate emissions. We know from experience that emission abatement will not happen unless some countries are prepared to take a leading role. I believe Australia should, indeed must, be in that leading vanguard. We are not an insignificant country; we have influence on the world stage, and we owe it to ourselves and to the world to step up to the plate on this all-important matter.

The questions I believe the Senate Committee should be asking are

- (1) how effective is the current legislative regime in abating emissions? and
- (2) does "Direct Action" promise (a) an improvement over this current regime, (b) no change or (c) a regression to a less effective plan?

All other things being equal, an existing scheme must be given priority over a proposed one on the basis that it is in place and currently functioning. In the context of the need for strong and urgent action, abandoning it and replacing it with something untested adds a layer of uncertainty that we

most emphatically don't need at this crucial time. If it cannot determine that "Direct Action" is an improvement over the current regime, then the Committee should recommend against it as a viable policy. I believe this should be the overriding criterion on which the Committee should make its determination.

While I accept that nothing about "Direct Action" has yet been tested, I believe there are several reasons for believing that the plan is inferior to what is presently in place:

- (1) Without any detailed costing plan, the Government is proposing an absolute cap of spending on abatement, of \$2.6 billion over four years. While I accept that the Government must nominate an expected figure, I don't believe it is possible to be prescriptive on this. The absolute cap is simply not credible in light of all the permutations faced by Australia in mitigating emissions, not to mention the uncertainties around the policy itself.
- (2) Direct Action is to be funded out of revenue, which means that taxpayers will be paying directly for the cost of abatement rather than the 400-odd major polluters who pay for it under the present scheme.
- (3) The emission-reduction tendering process has not been sufficiently explained to deal with a number of uncertainties, such as
 - how an emissions baseline will be worked out,
 - how high-polluting companies will not gain from having a worse prior record,
 - how the process will remain simple and cost-effective while at the same time preventing abuse by closing loopholes,
 - the procedure to be followed in conducting auctions, or
 - time constraints on projects.
- (4) The lack of penalties against businesses for not meeting targets is a major concern.
- (5) The short term of the scheme, running to 2020 but not beyond unless a 2015 review finds this to be necessary, adds an unnecessary layer of uncertainty to an already uncertain process. This is bad not only for business and investment, but also for effective mitigation.
- (6) A Fairfax Media survey of 36 economists in September 2013 found only two supporting Direct Action, one of whom was a climate sceptic and the other finding no difference between the old and proposed regime.

As with the science of climate change, the government must obtain professional advice on the efficacy of its "Direct Action" scheme. Pronouncements and assurances from political figures, including the Prime Minister and the Minister for the Environment, are not enough.

At the time of the introduction of the existing carbon pricing scheme, while there was some dispute about the efficacy of this or that approach, there was almost universal approval from both economists and scientists that a pricing scheme was an appropriate mechanism.

The current regime was implemented after many years of discussion about pros and cons of carbon pricing. By comparison, virtually nothing is known about how "Direct Action" will work. For what is essentially an economic measure (with physical measurement of abatement action thrown in) the public will rightly expect a high level of concurrence among appropriate experts. The lack of such concurrence is very disturbing.

I strongly urge the Committee to recommend that

- Direct Action has not been demonstrated to be a viable and effective use of public funds,
- in the absence of further information addressing the above concerns, legislation to put it into effect be withheld indefinitely, and
- in the meantime the existing pricing scheme be retained or strengthened.

PETER BOYER