

Counting **real** carbon costs

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This article is an opinion piece by Mark Wootton, a farmer in Hamilton, Victoria, and Chair of The Climate Institute.

How about we let some sunlight shine through on carbon costs and climate policies?

If it weren't so serious, the political shenanigans surrounding the climate debate would be funny. If current warming trends continue, and the world warms by two degrees or more, we'll be in strife. By 2050, for instance, Australia could be a net importer of wheat and by 2100 irrigated agriculture in the Murray-Darling Basin is projected to fall by 90 per cent. Despite these and other real risks, half-truths and nonsense abound.

A January report from the Australian Industry Group found that the "high profile of the carbon tax appears to have led to some over-estimation by businesses of the specific impact... on energy prices".

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—and we are being left behind."*

An example of this is in a recent survey of its members, the Australian Food and Grocery Council (AFGC) found many feel the price on carbon is adding 15pc or more to their power bills. This survey has been widely quoted in the rural media. Once the sunlight has been shone the facts show that this is simply not true. Most of the rise in the price of electricity is because of new spending to upgrade poles and wires.

The confusion around the effects of the Clean Energy package and the Renewable Energy Target is hardly surprising given the unfortunate scare campaigns orchestrated by the AFGC, among others.

In 2011, the AFGC said we would "all be rooned", suggesting grocery prices would rise by up to 5pc. In fact, they were very wrong. The carbon price has added an estimated 0.7pc to the Consumer Price Index, according to Westpac Economics. The Bureau of Statistics says it can barely discern any impact. The Reserve Bank reckons the carbon price has had an undetectable impact on the nation's overall economic performance.

What is more, the current policy package is demonstrably helping to lower emissions from electricity. The energy mix is already starting to shift in favour of renewables and cleaner fuels. Energy use is becoming more efficient, with carbon pollution per megawatt-hour down by over 5pc since July 2012.

Already, companies like Arnott's, Bundaberg Sugar, Bega Cheese, CSR, Coca-Cola, JBS Australia and many more—including AFGC members—have received many millions in federal grants for energy efficiency and renewable energy works.

Money raised by the price on pollution is also helping farmers and other landholders restore and protect bushland on private property, with \$270 million committed so far.

Both the ALP and Coalition have promised Australians and the international community they will progressively reduce emissions by between 5pc and 25pc from 2000 levels by 2020. Both parties accept that human-induced climate is real and risky.

The Climate Institute conducted detailed studies of the climate policies of the current legislated framework and the Coalition Direct Action alternatives. We do this every federal election. Last time, we showed the Coalition's climate policy was better in emissions terms than Labor's. Our studies show that under the Coalition's scheme Australia's emissions would rise by around 9pc by 2020, requiring \$4 billion to \$15 billion more to achieve their targets.

Labor's Clean Energy Package aimed to cut domestic emissions by 290 million tonnes by 2020—roughly equivalent to shutting down all of Australia's coal and gas power stations, and taking all cars off the road for a year. The Coalition's approach, by contrast, delivered 200 million tonnes—40pc less.

Labor's package was not perfect but their policy was to place a firm limit on the emissions big companies can put into the air; it gets them, not bureaucrats, to find the best way to reduce their emissions. It makes the polluter pay. The Coalition would instead pay polluters or others for reductions as well as ditching the pollution limit.

Meanwhile, the world of climate action is moving forward. For rural Australians, the question is one of risk: in the long run, policies that don't prepare our industries to prosper in an increasingly carbon-constrained world leave us less competitive.

It doesn't matter one bit whether we 'believe' in human-induced climate change or not. Climate and clean energy policies are being enacted, not just to deal with global warming, but also because of the economic opportunities.

The world is acting and we are being left behind: over 190 countries have agreed to work towards a new climate treaty; China is emerging as a clean energy superpower; dozens of countries have put a price on carbon; mainstream investors are questioning the future of coal as the cost of clean energy falls and constraints on carbon-heavy industry grow; climate change is now discussed at the highest levels between the US and China.

Both major parties have a long way to go before they best position rural Australia to deal with the risks of climate change and realities of global trends in clean energy. It is, clear however, that the Coalition is still yet to provide evidence sufficient to show that its policy can achieve its own targets. Until then, it and Parliament should stick with the current package.