

# Costly mistake to defer carbon cuts

We know enough to act on climate now,  
writes **ANNA SKARBEK**

**T**HE biggest myth is that doing nothing on climate change is the cheapest option.

ClimateWorks, Australia's Low Carbon Growth Plan, shows that we can reduce Australia's carbon pollution while continuing our economic growth.

The Government's emission reduction targets can be achieved for less than 1 per cent of predicted GDP growth over the next decade — less than \$4 per week per household. This is low because it includes savings from energy efficiency.

Terry McCrann has attacked the Low Carbon Growth Plan

(*BusinessDaily*, July 8) based on a critique by Alan Oxley from ITS Global that is factually incorrect.

Yes, there is a cost for acting on climate change. But when we take into account the money saved through improved energy efficiency, the overall cost is lower than many people expect.

The data shows that energy efficiency can save \$5.5 billion across our economy, even with the cost of new equipment. Despite Oxley and McCrann's claims, all of the energy efficiency opportunities highlighted in the Low Carbon Growth Plan are in addition to

business as usual improvements. If we don't capture these savings through improved energy efficiency, the total annual cost of a 25 per cent reduction in emissions would be \$7.3 billion instead of \$1.8 billion.

The costs of doing nothing are much higher. Australia, the driest inhabited continent, is particularly threatened by increasing droughts and bushfires. Higher temperatures could also affect the reliability of electricity, which affects all sectors of our economy.

And the social and health impacts of climate change are expected to have major long-term costs also. For example, a report by Victoria's Department of Human Services found that 374 more people than usual died in one week during the January 2009 heatwave. Increasing temperatures mean that more and

more money will need to be spent on responding to heatwaves.

McCrann argues that it's cheaper to do nothing about this. And in the short term it is.

But we know that our economy is too dependent on energy sources that cause pollution, so continuing to pollute is gambling with our health, our environment and our children's future.

Because we face these vast future risks, spending a little now is insurance against much greater financial, social and environmental costs later if we do nothing.

That's why we've looked for the cheapest way to respond to these risks. The Low Carbon Growth Plan provides 54 practical actions and clearly shows how they've been calculated, using conservative assumptions.

The good news is many of the actions can save us money today.

The United States, China and much of the rest of the world are already capturing the opportunities available in a low carbon future.

Developing clean energy products and services means we can create jobs and an economy that can survive in the long term.

McCrann's article relies on Oxley who has long opposed action on climate change. It is inaction that poses the greatest threat to our economy. The longer we wait to reduce emissions, the greater the cost and the risks.

It's time to stop the scare-mongering and do what's best for our kids, our environment and our economy.

□ Anna Skarbek is executive director of ClimateWorks Australia

# Herald Sun

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## For a few bucks, save the earth

- Terry McCrann
- From: Herald Sun
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**THE great myth pushed by those that want to close our cheap and reliable coal-fired power stations - the ones that give us power even when the wind isn't blowing - is that it would be all-but costless.**

Just a 'few dollars more' on the monthly electricity bill. And who wouldn't pay that to save the Barrier Reef if not indeed the planet itself. Who could defend burning the coal and frying the planet.

The grand mother, so to speak, of this myth-making was British economisty-eyed Sir Nicholas Stern, whose 'analysis' purported to 'prove' the world could slash its greenhouse gas emissions and the world economy would hardly miss a beat.

Because his Stern Review used complex economic modelling, it gave a veneer of credibility to the analysis.

In fact it's exactly the same sort of 'economic modelling' that gives us nonsense budget forecasts every year. Indeed, can't even 'predict' the year that's almost over.

The Stern Review was a disgrace. Its analysis was at best, utterly useless. But it was picked up enthusiastically by our (very) Green Treasury. And I use the word Green advisedly and in a number of meanings.

Our Treasury's modelling purported to show that we could slash our emissions and the impact on our economy out to 2050 would be insignificant.

Well that's a relief. If anyone can exactly predict the economy 40 years into the future, we know it's our Treasury.

We know it can exactly predict; you just have to dial up the model. But, accurately predict?

Well, once it gets the year ahead right, once it ever gets the year ahead right, I'll trust it with something more complicated. Like answering the question: how you can gut a tax and still raise as much revenue as before.

In short, the Treasury modelling of the proposed emissions trading scheme was a mirror image of Stern's: a disgrace and at best utterly useless.

Under that sort of broad umbrella, a number of other exercises have sought to 'prove' that we can have our carbonless-cake, and still get to eat it as well.

In March, another one of the myriad entities feeding off the anti-carbon money teat, ClimateWorks, purported to show we could cut emissions by 25 per cent by 2020; and it would cost us just \$1.8 billion a year or a mere 0.1 per cent of 2020 GDP.

Nowhere did ClimateWorks ask or far less answer the question of why. What would spending even the modest sum of \$1.8 million achieve?

As Australia cutting its emissions even by 25 per cent would make four-fifths of five-eighths of very little difference to any global or even local climate outcome.

If the planet was going to fry without our cuts, it would still fry with them. And ditto for the Barrier Reef. So also, the 'changes' in climate that the new chairman of our incredulous new age CSIRO 'sees' from his yacht. They'll keep 'coming,' Simon.

All that aside, the ClimateWorks conclusion is simply and literally unbelievable. And Alan Oxley's ITS Global analytical group has forensically torn it apart, in the sort of way that's so embarrassing, that any institution that valued its integrity would quietly disappear.

According to ITS, ClimateWorks overstates the extent of emissions savings; double counts the abatement gains; and it attributes savings in the normal course of business (the sort of thing we have already seen over the last 20 years: it's called efficiency) to its prospective emissions savings.

ClimateWorks only includes as costs the direct 'techno-engineering costs' associated with abatement. So it simply ignores all the other costs. Like the additional transmission and distribution costs in electricity from greater use of so-called renewables.

ClimateWorks simply ignores the economic impact of the dramatic increase in electricity and gas prices, according to ITS.

"Treasury modelling" - yes, I know - indicated, according to ITS, that an emissions cut of just 5 per cent would increase electricity prices by 86 per cent; and ClimateWorks was talking about cuts of five times that. Costlessly.

But if you simply ignore the cost, as ClimateWorks did, it presumably 'won't happen'.

We get 90 per cent of our electricity from coal-fired power because it, well, works. Wind and solar don't and never will - other than to waste our money and enrich alternative energy main-chancers.

Spain which has gone further and deeper into 'alternative energy' than any other country, is learning this brutal reality; it could become the first country to go back to a realistic energy future.

Former Telstra chief and born-again rocket scientist Ziggy Switkowski wants us to go nuclear. That's the least worst option to the sensible one - sticking with coal.

Nuclear is the only 'alternative' option that would give us reliable power. But what's the point? Spending \$200 billion or more to build nuclear power stations simply to close down perfectly good coal ones?

ClimateWorks incidentally is a partnership between the Myer Foundation and Monash University. Between soft heads and big heads.

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