Opinion: Expensive beast still has no teeth

Friday, 29 May 2009 11:13  Dr Regina Betz and Dr Iain MacGill, Joint Directors of the Centre for Energy and Environmental Markets

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Even the most cursory glance at history tells us that overwhelming challenges spark innovation and revolutionary restructuring. Which is why the Rudd Government’s latest tinkering with its strategy to reduce greenhouse gas emissions is so disappointing, write Dr Regina Betz and Dr Iain MacGill, Joint Directors of the Centre for Energy and Environmental Markets.

No matter how you juggle the numbers and fiddle with the details, the latest changes to the Carbon Pollution Reduction Scheme are a vote for the status quo. Which means the key mechanism the government has selected to trigger the transition to a low carbon economy looks still very much like an expensive beast with no teeth.

Yet the lesson on the industrial revolution, the most profound restructuring in this history of human development is this: When Britain began to run out of wood, people were naturally fearful. Yet, they found coal, the fuel of the industrial revolution. The idea that we can’t similarly innovate today, to gradually give up coal and its fossil fuel friends, greatly underestimates humanity’s ingenuity and our ability to adapt to the profound challenge of climate change.

The Rudd Government did send out the right signal by lifting Australia’s target to a respectable 25% reduction in emissions by 2020 - despite the substantial wiggle room still left. However, the massive investment in the CPRS was intended to provide the financial incentives essential to push industries towards greener operating models, yet this is not ensured. The even greater allocation of free permits to Australia’s most polluting industries announced yesterday simply puts off change. Yet, to restructure Australia’s industrial landscape to meet the new target cannot be achieved without phasing out highly polluting energy generation processes and inefficient, energy intensive production.

But coal generators are getting free permits only if they stay in production. How can a green, alternative energy sector possibly emerge when it has to compete with cheap, dirty coal? And how then, can Australia possibly meet its admirable 25 per cent target? What has fallen out of the CPRS is the notion that some industries will need to close down in order for new cleaner industries to emerge.

What is disappointing are the millions of dollars spent by industry lobbying in Canberra for maintaining the status quo instead of investigating and investing in greenhouse gas reduction opportunities. As it now stands, industry is further off the hook and the real cost of restructuring seems to have been shifted back onto ordinary households who lack such priviledged access to the corridors of political power. For there is one thing we do know; this transition from the fossils fuels of the coal-led industrial age must occur.

What we are seeing is a failure of leadership at all levels: By the Federal Government, which is that they are making compromises to the scheme which will lower its effectiveness and by industry leaders, who are investing in stalling tactics rather than being progressive and focusing on emissions reductions.

It’s a pity so many trees have been invested in the Government’s climate change publications. On every single page they confidently announce: Think Climate, Think Change. Alas, it seems it’s no climate for change.

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