



MEDIA RELEASE MINERALS COUNCIL OF AUSTRALIA

GARNAUT: RIGHT FRAMEWORK, DIFFICULT NUMBERS, QUESTIONABLE BASIS FOR INTERNATIONAL AGREEMENT

Statement by Minerals Council of Australia, Chief Executive Officer, Mitchell H Hooke

Professor Ross Garnaut's Supplementary Climate Change Draft Report on "Targets and Trajectories" sets the right framework for considering Australia's greenhouse gas reduction interim targets, but poses very difficult numbers and questionable basis for an international agreement.

A 10% national emissions reduction target by 2020 will be extremely difficult to achieve given that it represents a 30% reduction on a "business as usual basis". This amounts to a reduction in the order of 210 million tonnes by 2020 which is equivalent to the current emissions from Australia's entire electricity generation sector.

Put simply, meeting this target without significant technological breakthroughs is akin to moving Australia to a "candles economy".

The Minerals Council of Australia has consistently advocated the need for Australia's approach to managing climate change to be a comprehensive, measured transition to a low emissions economy based on the critical alignment of three key policy pillars – an efficient and effective emissions trading system; a credible global agreement that covers all major emitters; and "breakthrough" technologies that can lower the emissions of existing energy sources and provide credible cost-effective alternatives.

Without all three pillars in sync, the effects will be distorted, relatively ineffectual and a significant cost impost to Australia.

We welcome Professor Garnaut's conclusion that there are few prizes for Australia taking unilateral action, indeed it can impose significant costs. We support his heavy qualification that setting interim targets is dependent upon the scale of agreed emissions reductions in a future international agreement.

Professor Garnaut is right in that the success of Australia's action is heavily dependent on an international agreement for a global solution. The down payment for Australia's investment in global leadership should be both affordable and effective.

We also agree that equivalent interim targets in other countries does not mean comparable adjustment. For example, on account of different rates of GDP and population growth, Australia's effort to reach the same target would be approximately 2½ times that required by the EU.

However, we question Professor Garnaut's proposal for negotiating a global protocol on the basis of per capita emissions. Notwithstanding the obvious disadvantages to Australia, we doubt other export intensive economies, both developed and developing, will accept that the price for bringing the major developing country emitters into a global framework is that it be based on per capita emissions.

The missing link in much of the debate remains the prospect and pace of the development and commercial deployment of low emission technologies. Unrealistic interim targets introduced before clean coal and other emissions reduction technologies are available, simply become aspirational and, in the context of an Emissions Trading Scheme, impose carbon costs beyond the markets ability to adjust industrial behaviour. It's a recipe for self-induced market failure.