

Submission to Climate Change Authority – draft report - Australia's climate policy options

By - John Chapman, Queensland

CCA Questions

Q 1 The Authority proposes assessing policies primarily on their cost effectiveness, environmental effectiveness and equity. Are these principles appropriate? Are there any other principles that should be applied, and if so, why?

(and Re 5.2 Carbon Leakage)

Response: Yes, these principles are appropriate.

If international competitiveness issues are raised by other parties, this should be attached a relatively low weight or priority.

Reasons – least or low cost responses identification is *already* the main purpose of this review. Let us not double up, or double count.

Most least / low cost measures will have some effect of competitiveness (especially if viewed in isolation). But – of course, these costs will likely be *lower in their effect on the Australian economy* as a whole than if higher cost options were adopted.

Also, Australia has endorsed the Paris Agreement of late 2015 (and has submitted an Intended Nationally Determined Contribution statement (INDC)). The Paris Agreement, essentially, commits countries to actions compatible with achieving no more than a global temperature rise of +2 deg C, and preferably no more than +1.5 deg C.

Future INDCs can be varied, and Australia's can be as well – to either establish more efficient and effective policy actions for the given emissions target, or to allow for a sharper emissions target.

Most other countries have INDCs, and many of these actions will have some form of cost attached. While these costs vary between countries, typically many of those countries most subject to the impacts of enhanced climate change and variability – often developing countries – will be least able to afford such costs (while bearing the direct impacts and costs of climate changes as well).

So it will likely *always* be the case that a number of countries will have lower cost action measures than the average, and that some of these will be Australian trading partners.

If some wish to use the international competitiveness issue as a reason to delay action, then it should be noted that this argument can always be made, but that it is potentially a very long and dangerous piece of string indeed. The atmospheric concentration of CO₂-eq continues to rise ... and will always rise with that line of thinking.

If all or even many countries were to raise this issue as a reason for inaction, then the 1.5 / 2 deg C targets would be wholly irrelevant, and we could look forward to world temperature rises of over 3 deg C, and potentially, and completely catastrophically, much more.

The costs of that would be astronomical, dwarfing the costs of action globally.

Further, if so used, it could have the effect of *negating* Australia's support for the Paris Agreement and the temperature goals. And further, denying Australia any serious role as a leader in supporting stronger climate action and hence assisting in more decisive global action through the demonstration effect. And hence - losing those benefits for Australia from the ensuing lower climate changes and instabilities.

And, it is indeed notable that Australia is a highly climate exposed nation.

Finally, as far as 'least cost' assessment is concerned, this should already allow for competitiveness issues as one of the many facets to be allowed for through modern economic assessment and modelling

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