

THE AUSTRALIA INSTITUTE

The Political Economy of Climate Change

The Milthorpe Lecture, Macquarie University

Sydney, 8th June 2006

Clive Hamilton¹

Late one day last month, the Federal Government posted on its website a report on the science of climate change which it had commissioned from Professor Will Steffen of the ANU.² The purpose of the report was to provide a review of developments in climate science since the publication of the IPCC's Third Assessment Report in 2001. The fourth report is now in draft form. The Steffen report concluded that the upper estimate for global warming made by the IPCC, a global average temperature rise of between 1.4° and 5.8° C by the end of this century, now appears more likely to be reached or exceeded, and that observational evidence supporting the existence of climate change has grown even stronger in the five years since the Third Assessment Report. Among the indicators of a warming planet, Professor Steffen naturally included an assessment of the latest evidence of sea-level rise which, he wrote, has since 1993 risen to about 3mm per year.

The Environment Minister, Senator Ian Campbell, issued a media release to accompany the posting of the report. Once again the Howard Government was caught out by a scientific report that rings alarms bells about climate change, and implicitly highlights the failure of the Australian Government to respond to the unfolding crisis. What sort of spin could be put on the report's release? It seemed impossible to deny the science so the Minister tried the usual tactic of simultaneously denying responsibility while claiming to take it very seriously. He said:

¹ Executive Director of The Australia Institute, and Chair, Climate Institute (Australia). Address: Innovations Building, ANU, ACT 0200. Email: exec@tai.org.au Web: www.tai.org.au

² Will Steffen, *Stronger Evidence but New Challenges: Climate Change Science 2001-2005*, Australian Greenhouse Office, Department of the Environment and Heritage, Commonwealth of Australia, March 2006 (released in May).

“Climate change is ... too serious a matter for Australians to be misled into believing that massive cuts to Australian greenhouse gases on our own will have any effect on global climate change.”³

So, according to the Minister, climate change is too serious a matter for Australia to cut its greenhouse gas emissions. This *non sequitur* was on a par with his efforts in January this year. When the Bureau of Meteorology released figures showing 2005 was the hottest year on record, Campbell declared: “It’s the hottest year, the hottest decade, the hottest minimum and the hottest maximum”, before adding: “The main thing is not to alarm people”.⁴

The Minister’s crude attempt to deflect attention from the Steffen report did not stop the *West Australian* newspaper from running a major story in its edition of Saturday 27th May on the implications of sea-level rise for Western Australia, the Senator’s home state. It quoted Professor Steffen along with Dr John Church, a senior CSIRO oceans researcher, who pointed out that forecast sea-level rise would result in the inundation of coastal land including some expensive real estate.

Campbell - who, before entering politics, was a Perth real estate agent - took umbrage and launched an attack on the scientists and the science of climate change, branding their warnings “ludicrous”. He seemed particularly offended at any suggestion that sea-level rise would affect the value of coastal properties and, in a surprising display of ignorance about the science of climate change, claimed that sea level rise would not occur for 1000 to 2000 years.⁵

It is unclear why Senator Campbell made this extraordinary intervention, although the *West Australian* newspaper began investigating whether he owns coastal properties whose value might be affected by credible claims of sea-level rise.

³ Media Release, Australian Minister for the Environment and Heritage, Senator the Hon. Ian Campbell, 23 May 2006, ‘New report shows stronger evidence for climate change’.

⁴ *Sydney Morning Herald*, 5 January 2006

⁵ *West Australian*, 30th May 2006, p. 1

The Minister's knee-jerk response is consistent with a pattern displayed by the Federal Government of formally accepting that global warming is occurring while denying any aspect of the science that proves politically unacceptable. For example, the Prime Minister has disputed claims that low-lying Pacific islands may be inundated by rising seas leading to a flood of environmental refugees.

We now know that the Federal Government has made extensive efforts to control public information about the effects of climate change. In February, ABC TV's *Four Corners* program revealed that, under pressure from the Government, CSIRO management has attempted to gag its scientists from speaking publicly about their research on climate change.⁶ They included Dr Graeme Pearman, for many years the chief of the CSIRO Division of Atmospheric Research and a world-renowned climate scientist, who said he was censored perhaps half a dozen times in the year before he was forced out of his position.

The Government seems particularly fearful of any discussion of the potential problem of environmental refugees. Another respected CSIRO scientist, Dr Barry Pittock, was instructed to remove references to environmental refugees from a report he had prepared for the Government, even though, conscious of political sensitivities, he had included it 'in a very muted form'. University scientists engaged in research into renewable energy are also intimidated. According to Philip Jennings, professor of energy studies at Murdoch University, renewables researchers believe they will lose their research funding if they are seen to criticise Federal Government policies on climate change and energy.⁷

It is quite clear that the Federal Government is attempting to control the debate over greenhouse science by gagging some scientists and sending out an intimidating message to others.

⁶ ABC TV, *Four Corners*, 13 February 2006

⁷ Rosslyn Beeby, ' "Climate of fear" in solar research', *Canberra Times*, 30 May, 2006, p. 3

Distorting the data

For the uninitiated (including some journalists), one of the puzzling aspects of the greenhouse debate in Australia is the claim by the Federal Government that, although it refuses to ratify the Kyoto Protocol, it will meet the target anyway. This claim is played as the trump card by the Government at every opportunity as if it proves its commitment to cutting emissions. For example, the latest inventory of Australia's greenhouse gas emissions, released in May, seems to show that Australia's greenhouse gas emissions have increased by only 2.3 per cent since the Kyoto base year of 1990. If Australia ratified the Protocol it would be required to limit the growth of emissions between 1990 and 2010 to 8 per cent.⁸ The Environment Minister claimed in a press release that these figures vindicated the Government's policies and pointed to Australia's "leading role" in various international processes.

With astonishing brio the Minister declares that "while the figures represent good news, we can't afford to be complacent". I will suggest that, indeed, the Government is not being complacent; it is actively working to undermine attempts by the world, and companies in Australia, to reduce greenhouse gas emissions.

So how can the Government claim to be on target? Literally in the last minutes of the 1997 Kyoto Conference, Australia extracted a vital concession from the other Parties by insisting that countries be allowed to include emissions from land clearing in their greenhouse accounting. In practice, this clause applied only to Australia and was immediately dubbed "the Australia clause". The Government knew that land clearing had declined sharply since the accepted base year of 1990, so even before the ink was dry Australia's emissions had fallen by 5-10 per cent, a situation analogous to the so-called hot-air loophole granted to Russia, but with less justification. Although the Parties were forced to agree or years of work would have come to nothing, this concession was instantly described by the European delegates as a "disgrace". We can now see why.

⁸ To be precise, it would be required to limit them to an average of 8 per cent above 1990 levels across the five-year period 2008-2012.

Figure 1 shows total greenhouse gas emissions over 1990-2004 with and without the inclusion of emissions from land-use change and forestry (LUCF).⁹ Australia's total emissions have increased by only 2.3 per cent, thus providing the basis for the Government's claim that the total will come in under the limit of an 8 per cent increase over 1990 by 2010. However, excluding land use change and forestry, our total emissions have grown by 25.1 per cent, driven largely by the rapid increase in emissions from energy use (up by 34.7 per cent over the period). Given that land clearing had been falling rapidly for reasons quite unrelated to climate change policy, and represents only a one-off impact on emissions, this was the real target set for Australia, i.e. no target at all. This is why the Howard Government can have no effective policies to reduce Australia's emissions yet still claim to be on track to meet our Kyoto target.

By 2010, the expected increase of all emissions excluding land-use change will be over 30 per cent. This is the proper comparison with the targets accepted by other countries under the Protocol. The increase in Australia's emissions by around 30 per cent compares with the requirement for the EU to *cut* its emissions by 8 per cent and Japan to reduce its emissions by 7 per cent. Within the EU, Britain set itself a tough target of 20 per cent. It must be particularly galling for the British Government to hear our Environment Minister gloating about the fact that Britain may not meet its target when Australia refuses to commit to meeting a do-nothing target.

Figure 2 shows that Australia's energy emissions from burning fossil fuels - the main cause of the global warming problem - have been rising relentlessly; this increase demonstrates the complete failure of the Federal Government's policies. Even if the Government were spending its much-touted \$2 billion of greenhouse programs - a claim that has been shown to be spurious¹⁰ - the funds are being directed almost exclusively to voluntary programs that have virtually no effect.

⁹ The inclusion of forestry does not weaken the argument appreciably.

¹⁰ See Paul Pollard, *Missing the Target: An analysis of Australian Government greenhouse spending*, Australia Institute Discussion Paper No. 51, January 2003

Figure 1 Changes in Australia's total GHG emissions, Mt CO₂-e

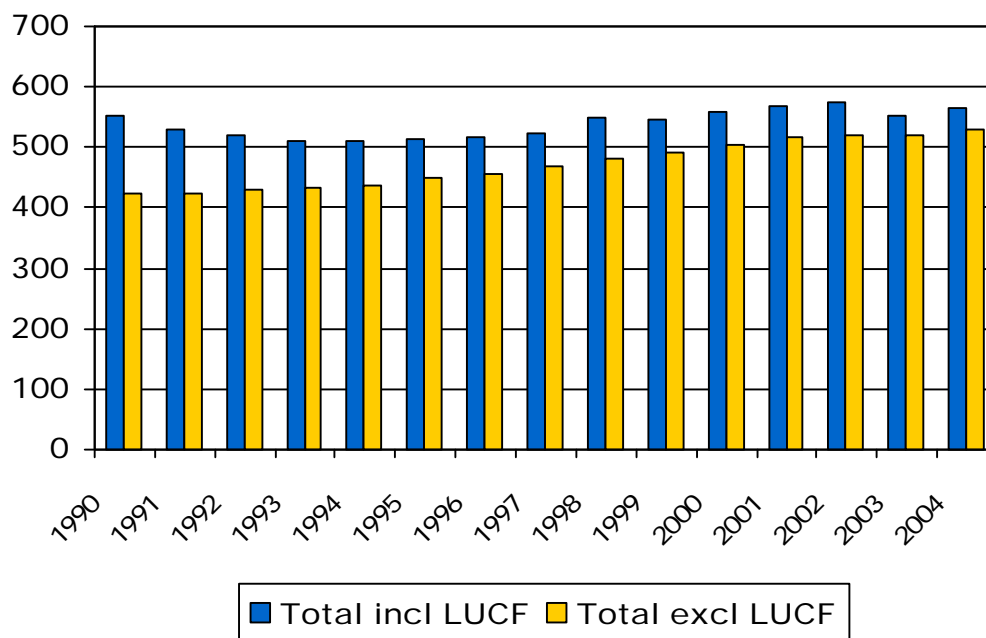
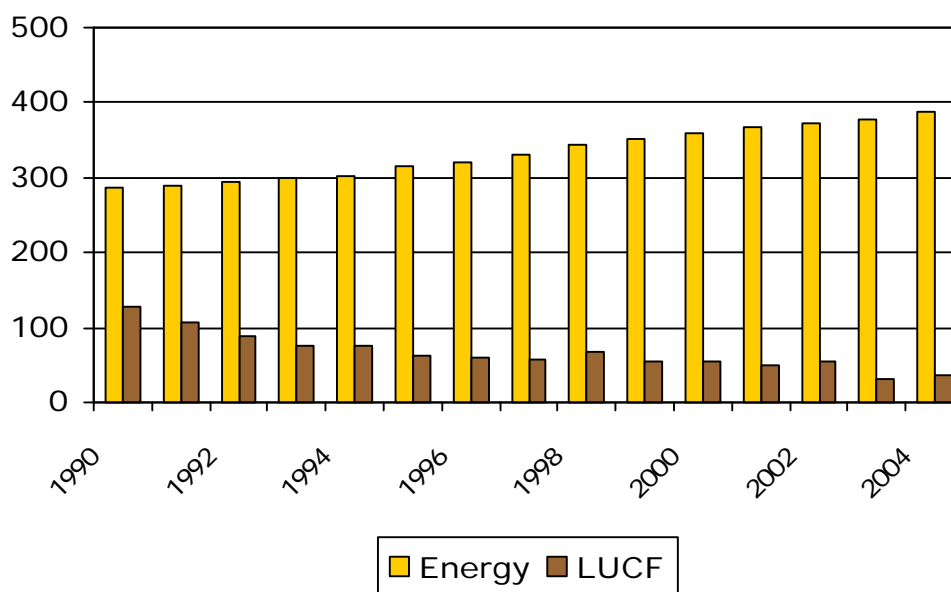


Figure 2 Changes in GHG emissions from energy and LUCF, Mt CO₂-e



Modelling the costs of Kyoto

The principal argument used by the Government to justify its refusal to ratify the Kyoto Protocol is that it would be too costly. Various ministers, including the Prime Minister, routinely claim that adhering to the Protocol would have a disastrous or ruinous effect on the economy. The Government believes that the national interest is the same as our economic interests, as if we have no national interest in being part of global attempts to tackle the most severe environmental threat facing the globe. So let's just stick to the economic effects.

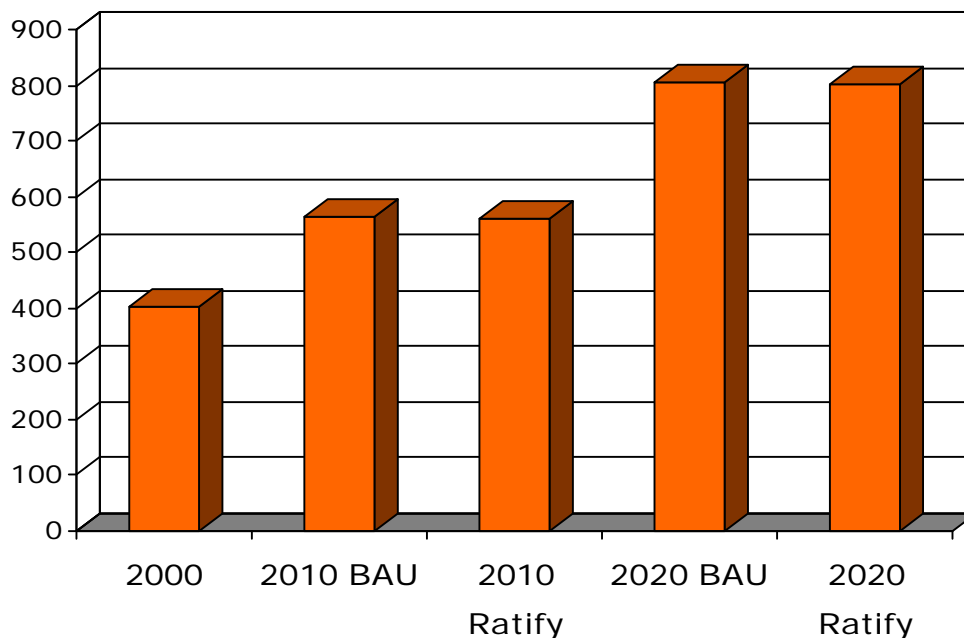
After the negotiations to refine the Kyoto Protocol at Marrakech in November 2001, the Government commissioned new modelling of the expected economic impacts of Australian ratification. The modelling, conducted by ANU economist Warwick McKibbin (who has been very critical of the Kyoto Protocol), concluded that the economic cost of the Kyoto Protocol will be higher in 2010 if Australia does *not* ratify the treaty than if it does (see Figure 3).¹¹

It concluded that by 2010 Australia's GNP, compared to business as usual (BAU), will decline by 0.40% if Australia stays out of the Kyoto Protocol, but will decline by only 0.33% if Australia ratifies. This is because actions by other countries (such as Japan reducing its coal imports) will have a negative economic effect, which we could partially offset if we started to cut our emissions too.

No wonder the Government refused to release the results of the modelling for five months and then did so at 6 o'clock on a Friday night. If accurate, they demolish any remaining rationale for Australia's continued refusal to sign up to the treaty. In his media statement accompanying the release of the modelling, then Environment Minister David Kemp distanced the Government from the new evidence, claiming the work it commissioned only addresses 'a limited set of the issues'.

¹¹ Warwick J. McKibbin, 'Modeling Results for the Kyoto Protocol', Report to the Australian Greenhouse Office, 15 March 2002, revised 5 April, 2002

Figure 3 Real GDP with and without ratification (US\$billion)



I should note that, although the modelling concluded that we would be better off if we ratified over the period to 2010, it calculated that we would be economically worse off in 2020. By 2020 Australia's participation in the Kyoto Protocol is estimated to reduce real GNP by 0.51%. If Australia refuses to ratify then the effect of Kyoto would be to reduce real GNP by 0.30%, so ratification is responsible for a decline in real GNP in 2020 of 0.21%.

But how painful would it be to see our real GNP reduced by 0.21%? In fact, this is a tiny amount, one that will be swamped by the statistical error in measuring GNP. According to McKibbin's modelling results, under business as usual Australia's real GNP will almost exactly double on about 1st December 2020 (from US\$402 billion in 2000 to US\$806 billion at the end of 2020).¹² If we ratify the Protocol then, with the existing policies, our GNP will not double until the end of January 2021, a delay of eight weeks. This eight week wait to become twice as rich is the basis for the repeated claims by Mr Howard about the huge economic costs we will face.

¹² Ibid., Tables A2.1, A2.2 and A2.3.

Engineered policy failure

Voluntary programs are politically attractive, as they involve giving money to grateful businesses without mandating that they take any action. There is an extensive international literature on how and why voluntary programs fail. The expensive and much publicised Greenhouse Challenge Program has been excellent PR for major polluting firms but has led to virtually no real reductions in their greenhouse gas emissions.¹³

The most recent, comprehensive review of voluntary business programs carried out by the OECD reached broadly negative conclusions about them.¹⁴ It noted that, among businesses that agree to participate, the targets they set themselves are generally met; yet the levels set often reflect improvements already made in earlier years by the companies in question or improvements that are already built in to investment plans undertaken for commercial reasons. It found that only about a quarter of the improvements in question were attributable to the effect of the program and the rest to other factors.

The OECD said that while voluntary programs face less resistance than regulation and can sometimes be introduced more quickly, they can also put off the introduction of effective regulation. They are mostly effective only when there is a ‘credible threat’ of mandatory measures if industry fails to participate in the voluntary program and meets targets. “[T]here are only a few cases where such [voluntary approaches] have been found to contribute to environmental improvements *significantly different* from what would have happened anyway”.¹⁵

The Australian Government’s approach has been based almost wholly on voluntary programs, with the notable exception of the Mandatory Renewable Energy Target (MRET), which I will comment on next. In the Australian case, there has been no credible threat of mandatory programs from the Federal Government. The approach has been much more that of a wink and a nod signifying that Government and big polluters

¹³ See the discussion in Clive Hamilton, *Running From the Storm: The development of climate change policy in Australia* (University of NSW Press, Sydney, 2001).

¹⁴ OECD, *Voluntary Approaches to Environmental Policy, Effectiveness, Efficiency and Usage in Policy Mixes*, OECD, Paris, 2003

¹⁵ Ibid., p. 14

have a tacit agreement that it is important for both to give the impression that they are taking climate change seriously.

The Government is also enamoured of green consumerism. Greenpower schemes are a favourite because they don't work yet give the impression that someone is doing something. While in surveys 65 per cent or so of residential customers say they would be willing to pay more for green electricity, in practice only 2-3 per cent of households have actually signed up. Every time a well-meaning environment group urges each of us to take responsibility for our own emissions the Government cheers because it immediately shifts responsibility away from them.

For all of the good intentions, green consumerism contributes to the progressive privatisation of responsibility for environmental degradation. Instead of being understood as a set of problems endemic to our economic and social structures, we are told that we each have to take responsibility for our personal contribution to every problem. The assignment of individual responsibility is consistent with the economic rationalist view of the world which wants everything left to the market, even when the market manifestly fails.

Tim Flannery's recent book, *The Weather Makers*, falls into this trap for the politically naïve. After an eloquent statement of the implications of unchecked climate change, drawing on the work of hundreds of climate scientists, he finishes the book by arguing that voluntary action by well-meaning consumers is the only way to save the planet.

It is my firm belief that all the efforts of government and industry will come to naught unless the good citizen and consumer takes the initiative, and in tackling climate change the consumer is in a most fortunate position. ... [T]here is no need to wait for government to act.¹⁶

This is music to Ian Campbell's ears; yet it is a reckless conclusion to reach. We did not eliminate the production of ozone-depleting substances by relying on the good sense of consumers in buying CFC-free fridges. We insisted our governments negotiate an

¹⁶ Tim Flannery, *The Weather Makers*, Text Publishing, Melbourne, 2005, p. 302

international treaty that banned them. We did not invite car buyers to pay more to install catalytic converters, the greatest factor in reducing urban air pollution. We called on our governments to legislate to require all car makers to include them.

Flannery urges each of us to do the right thing in the belief that these noble appeals will transform the market: “If enough of us buy green power, solar panels, solar hot water systems and hybrid vehicles, the cost of these items will plummet.”¹⁷

As the US analyst Michael Maniates has written: ‘A privatization and individualization of responsibility for environmental problems shifts blame from state elites and powerful producer groups to more amorphous culprits like “human nature” or “all of us”.’¹⁸ The environment becomes depoliticised so that the major parties can share a common vision without getting into a potentially damaging bidding war over who will better look after the environment.

In the end Flannery is a victim of the conventional economist’s belief in consumer sovereignty and individualism. His ‘firm belief’ that we can be saved only if consumers take the initiative is one Flannery shares with the ideologues of the right-wing think tanks who argue that the way to solve environmental problems is to give consumers a choice, and if they don’t make green choices then it is obvious they prefer to live in a polluted and climatically transformed world.

While none of these individual activities are to be criticised in themselves, when they are sold as the solution to environmental decline they actually block the real solutions. Some environmentalists who lead radically simplified life-styles contribute to the process of individualisation when they project a holier-than-thou attitude which says: if only everyone lived as I do all our problems would be solved.

The greenhouse mafia

Many people have been asking: Why does the Government not just act on this huge problem? The Government has not shied away from other major reforms, such as the

¹⁷ Ibid., p. 306

¹⁸ Maniates, op. cit., p. 57

introduction of the GST and workplace changes. Why will it not initiate the structural transformation to a low-carbon economy?

While some of us have suspected the answer for some years, confirmation has arrived only in the last months, and it has done so in a spectacular fashion. Powerful commercial forces lie behind the Government's refusal to act on climate change. Behind the façade of Government concern and the \$2 billion worth of spin, a secretive network of fossil fuel lobbyists actually determine Australia's stance on climate change.

The inner workings of this world were exposed on the ABC's *Four Corners* program on 13 February 2006. The program was based on a disturbing analysis of how climate change policy is decided in Canberra. We now know that for a decade the Howard Government's policies have been not so much influenced but actually written by a tiny cabal of powerful fossil fuel lobbyists representing the very corporations whose commercial interests would be affected by any move to reduce Australia's burgeoning greenhouse gas emissions.

The story has been uncovered by the author of a doctoral dissertation recently completed at the ANU. Guy Pearce, a member of the Liberal Party and a former adviser to Senator Robert Hill when he was environment minister, managed to coax the leading members of the fossil fuel lobby into frank admissions about how they go about their business.

It emerges that climate change policy in Canberra has for years been determined by a dozen or so people who describe themselves as the 'greenhouse mafia'. This cabal consists of the executive directors of a handful of industry associations in the coal, oil, cement, aluminium, mining and electricity industries. Almost all of these industry lobbyists were plucked from the senior ranks of the Australian Public Service (notably the industry and energy departments) where they wrote briefs and cabinet submissions and advised ministers on energy policy. The revolving door between the bureaucracy and industry lobby groups has given the fossil fuel industries unparalleled insights into the policy process and networks throughout government.

The members of the greenhouse mafia claim to be more familiar with greenhouse policy than the Government itself, because they are the ones who wrote it. As one bragged: “We know more about energy policy than the government does. ... We know where every skeleton in the closet is - most of them we buried”. One insider said that at meetings of the greenhouse mafia some of the ex-bureaucrats made ‘Freudian slips’ and talked as if they were still Assistant Secretaries in the industry or energy departments.

Several members of the mafia have rotated from one industry lobby group to another within the greenhouse network. As a result of the closeness of the personal and political connections within the network, Dr Pearce concluded that the greenhouse mafia is probably the most potent lobbying alliance in Australia. According to one insider, “they had all been taught by Peter Walsh and Gareth Evans how to be a bastard in the game” and, according to Dr Pearce after hours of interviews, they are absolutely committed to defeating the environment movement on climate change. Emboldened by their success, he wrote, “they pursue the greenhouse agenda with an almost religious zeal”.

The Howard Government has allowed the greenhouse mafia extraordinary influence over Australia’s stance on climate change. Alone among the nations of the developed world, key members of fossil fuel lobby groups have actually been made members of Australia’s official delegation that has negotiated - or more accurately, attempted to derail - international agreements on climate change, notably the Kyoto Protocol. Even the Bush Administration does not permit this unseemly arrangement, relegating fossil fuel lobbyists to the gallery along with other NGOs rather than having them at the conference table. Said an insider: “They are part of the [Government’s] team. It is probably the best cross-industry alliance - the most successful - ... of any one that has been put together. ... We all write the same way, we all think the same way, we all worked for the same set of ministers”.

Unsurprisingly, other industry groups that would win from policies to reduce greenhouse gases - such as the insurance industry, the gas industry and the tourism council - have been unwilling to take on the greenhouse mafia and its ruthless methods. When I asked one senior businessman why his company was unwilling to publicly urge the Government

to ratify the Kyoto Protocol he said that ministers made decisions affecting their commercial interests every week and they did not want to see the decisions start to favour their competitors.

Green groups have been no match for such a powerful opponent when it comes to crucial policy decisions. This is when the inside knowledge and connections of the greenhouse mafia really make a difference, and when the democratic process is undermined.

Dr Pearce reminds us that Cabinet deliberations, ministerial committees and preparation of cabinet submissions are meant to be confidential and beyond the reach of lobbyists. Indeed, the unauthorised disclosure of cabinet-in-confidence materials is a crime. Yet the research reveals that the greenhouse mafia has “unrivalled access” to internal government processes. Members of the greenhouse mafia even admit to being called in to government departments to vet and help write cabinet submissions and ministerial briefings, referring to ‘mutual trust’ between the lobbyists and the bureaucrats (whose seats the lobbyists once warmed). They have used this access to help bureaucrats in the industry and energy departments write submissions designed to counter proposals coming to Cabinet from the Australian Greenhouse Office through the environment minister. “It is about fixing the outcomes”, one said. If the environment minister tried to “slide [an action] by the Prime Minister” the mafia would immediately know of it and alert sympathetic ministers like John Anderson to stymie the environment minister at the time, Robert Hill.

If early intervention failed and a proposal to tackle greenhouse gas emissions got to Cabinet - such as occasionally happened when Robert Hill thought he could get something up - the mafia would turn to its closest friends in Cabinet to knock it off. Said one: “if we wanted to put a spoke in the wheel of Robert Hill or whatever we could do it pretty quickly ... we reverse-managed that ministerial (greenhouse) committee so many times”. Dr Pearce suggests that the publication of the Howard Government’s energy white paper in 2004 was the “pièce de résistance for Australia’s greenhouse mafia” because it was an almost complete endorsement of the “mob’s” agenda.

Another glimpse into the cynical world of greenhouse politics was afforded last year when a set of secret meeting notes was leaked. In May 2004 the Prime Minister called a

meeting of LETAG, the Lower Emissions Technology Advisory Group, which consists of the CEOs of the major fossil fuel companies, including Rio Tinto, Edison Mission Energy, BHP Billiton, Alcoa and Orica, the companies behind the lobby groups that make up the greenhouse mafia. These sorts of meeting are never publicised, but we know about this meeting because private notes made by Sam Walsh, Chief Executive of Rio Tinto's iron ore division, were leaked. The notes provide another extraordinary insight into how climate change policy is really made under the Howard Government.¹⁹

The industry minister Ian Macfarlane, who was also present, stressed the need for absolute confidentiality, saying that if the renewables industry knew they were meeting "there would be a huge outcry". The Prime Minister told this highly select group that his Government was in political trouble over greenhouse policy as it was being out-manoeuvred by the NSW Government and by Mark Latham who was benefiting politically from his promise to ratify the Kyoto Protocol and support the renewable energy industries. There was an election coming up and the media, especially the *Sydney Morning Herald*, "had created a problem for Government" so he had called the meeting to get some ideas about how the Government could beef up its greenhouse credentials in a way that would convince the *Sydney Morning Herald* that it was serious about climate change.

The Prime Minister also said he was worried about the Tambling Review of the Mandatory Renewable Energy Target (MRET), which had cautiously recommended extending the scheme. Grant Tambling, a former Government backbencher and parliamentary secretary, had failed to stick rigidly to the script. Minister Macfarlane said the MRET review had "found that the scheme worked *too well* and investment in renewables was running ahead of the original planning". The Government was looking for an alternative so that it could kill off MRET. According to the leaked notes, the Prime Minister said that "it was not credible to ignore the Tambling Report unactioned (it was tabled in January) and there was a real need to propose alternatives to extending MRET". He said that he was "keen to protect Industry" by which, of course, he meant the fossil fuel based industries at the expense of the renewable and energy efficiency industries.

¹⁹ The notes have been posted under Other papers on the Australia Institute website - www.tai.org.au.

In the closed world of greenhouse lobbying in Canberra, the Prime Minister saw nothing improper in going to the country's biggest greenhouse polluters to ask them what the Government should do about greenhouse policy, without extending the same opportunity to other industries, not to mention environment groups and the general public.

The wind farm fiasco

The MRET scheme is the only federal program that has had any impact on Australia's emissions and, not coincidentally, is the only mandatory scheme. It led to too big a surge of investment in renewable energy that competes with coal. The Government's belief that MRET worked "too well" helps us to understand the extraordinary events surrounding the proposed wind farm at Bald Hills in Gippsland.

A company named Wind Power Pty Ltd proposed to construct a large wind farm at Bald Hills in South Gippsland. Days before the last federal election, the new Minister for the Environment, Ian Campbell, issued a media release indicating that, if the Government were re-elected, he would take a dim view of the proposal.²⁰ The site was in a marginal seat held by Labor but won by the Liberal candidate.

Eighteen months later, in announcing his decision to veto the proposal, Campbell claimed that it would pose a risk to a threatened species, the orange-bellied parrot. He said that the proposed wind farm would "hasten the extinction of that species".²¹ The Bald Hills wind farm had passed all Victorian planning approvals. Based on its studies, the Victorian Government held no fears for the orange-bellied parrot arising from the development. Indeed, the parrot had never been sighted within 10 km of Bald Hills. In fact, the Victorian Government's analysis concluded that the best estimate of the expected impact of the proposed wind farm would be one dead parrot every thousand years.²²

²⁰ See 'Bald Hills wind farm project in the balance', Media Release, 6 October 2004 <http://www.deh.gov.au/minister/env/2004/mr06oct204.html>

²¹ See 'Bald Hills Wind farm and cumulative impact study', Transcript of press conference, 5 April 2006 <http://www.deh.gov.au/minister/env/2006/tr05apr06.html>. Campbell gave his news conference in Perth where there were no journalists with any knowledge of the situation.

²² Rob Hulls, Victorian Planning Minister speaking on the *7.30 Report*, ABC TV, 17 April 2006.

The Minister used his powers under the Environmental Protection and Biodiversity Conservation (EPBC) Act, the transformed environmental laws passed with Democrats' support 1999. The Bill was opposed by most of the major environment groups, but supported by WWF, Humane Society International and the Tasmanian Conservation Trust, conservative groups that have been generously rewarded for their support of the Government. It is now clear that the main environment groups were quite right to be sceptical about the EPBC Act. The decision to block Bald Hills was only the third time in six years that the Government had used the Act to block a development, despite it being applicable to thousands of proposals.

While Campbell used the Act to stop Bald Hills, he subsequently said that community opposition to the wind farm had been important and that communities should have a say, despite the fact that few local objectors had ever heard of the orange-bellied parrot. We will wait to see whether the Minister uses this reason when considering the siting of Australia's first nuclear power plant.

In its 2004 Energy White Paper, the Government announced that it would not extend the MRET scheme beyond its original expiry date. Along with the decision to stop the Bald Hill proposal on spurious grounds, the wind energy industry in Australia has been sent a very clear message: the Federal Government does not want you. Soon after the Bald Hills fiasco the Federal Government withdrew funding for a new wind farm at Denmark in Western Australia citing community opposition. As a result wind energy companies in Australia are now looking to make their investments overseas, including China, and international interest in Australia has dried up.

The Asia-Pacific Partnership

The leaked LETAG notes confirm that, despite a decade of window-dressing and obfuscation, the Government is under continuing public pressure to do something about climate change. Having rejected Kyoto, the need to appear to be doing more resulted in the development of the Asia-Pacific Partnership on Clean Development and Climate, known as AP6 and bringing together Australia, USA, Japan, South Korea, China and India. But someone forgot to explain to Environment Minister Ian Campbell what the

game was. When it was first announced in July 2005, he embarrassed the other AP6 members by blurting out that it was an “alternative” to Kyoto. He was quickly corrected by the wiser heads who insisted that it was but a *complement* to the Kyoto Protocol; after all, four of the six members have ratified it. Asked about Campbell’s comments in Montreal in November, the head of the US delegation to the Kyoto Protocol conferences and legendary hard man Harlan Watson, gently rebuked Campbell for his gaffe.

The first, and perhaps last, meeting of AP6 was held in Sydney in February of this year. It manifestly failed to generate the positive press that the Government hoped for, not least because the parties agreed to do almost nothing. A number of working groups were formed.

Of all of the vacuous and misleading comments to emerge at the Sydney meeting, the prize must go to US Energy Secretary Samuel Bodman who declared that he was confident the business sector would respond to climate change. “The people who run the private sector, who run these companies, also have children and grandchildren ...”.²³ Well, they all must have become parents very recently, because they have shown little concern to this point.

It is not necessary to level any criticism at the AP6 because the Government itself released the most devastating critique. The Australian Bureau of Agricultural and Resource Economics (ABARE) analysed the expected impact of the Partnership on global greenhouse gas emissions. The modelled effects were summarised in a little diagram included in its report and were used by the Prime Minister to make bold claims about how much it would cut emissions.²⁴ To the extent that one can believe ABARE’s modelling, it concluded that under the best-case scenario annual global emissions will increase from approximately eight gigatonnes of carbon equivalent now to over 17 gigatonnes in 2050 under the influence of the AP6 agreement.

²³ *Sydney Morning Herald*, 12 January 2006, p. 2

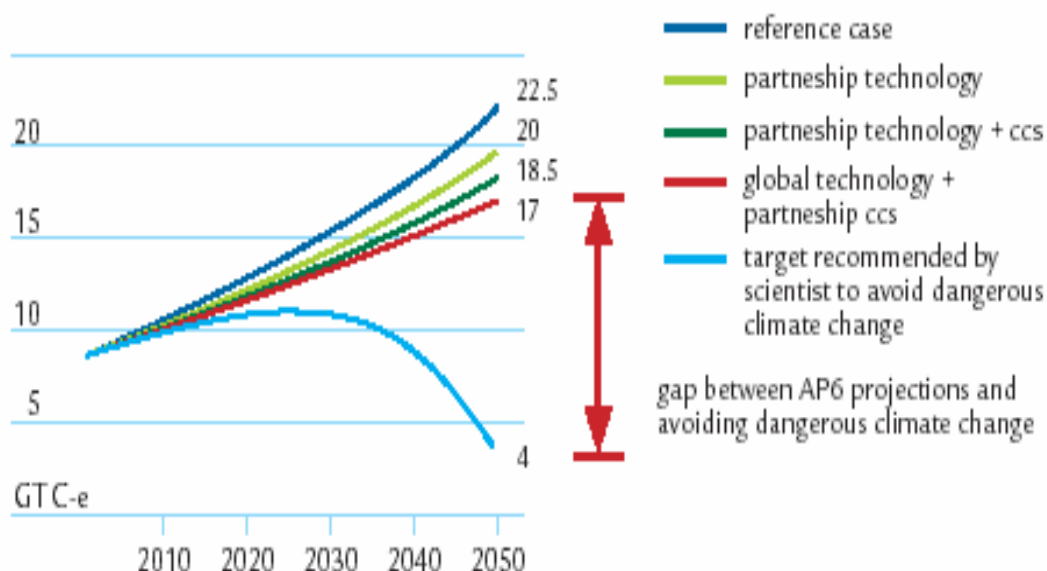
²⁴ Brian Fisher *et al.*, *Technological Development and Economic Growth*, ABARE Research Report 06.1, January 2006, p. 34

The consensus among climate scientists is that annual emissions must be reduced to around three gigatonnes to prevent the worst effects of global warming. Even Ian Campbell says he accepts this. So 14 thousand million tonnes of carbon annually have gone missing in the Government's calculations. The Government has criticised the Kyoto Protocol for not going far enough yet its own answer will have no appreciable effect.

While the Australian Government touted AP6 as a far-reaching new approach to tackling climate change, Senator John McCain, the man most likely to be the Republican candidate at the next US presidential election said that the Asia-Pacific Partnership "amounts to nothing more than a nice little public-relations ploy ... It has almost no meaning. They aren't even committing money to the effort, much less enacting rules to reduce greenhouse-gas emissions".

Perhaps influenced by this view, the US Congress has taken a sharply different view to that of the Bush Administration. In late May, the House Foreign Operations Appropriations Subcommittee refused a White House request for US\$46 million to fund commitments under the Asia-Pacific Partnership, effectively neutering the initiative. With uncharacteristic understatement James Connaughton, the head of the White House Council on Environmental Quality, said: "If we don't get the budget, it will be a great challenge". As it is fair to assume that India and China signed on to AP6 solely because they expected to receive some funding from the US and Australia for energy projects, AP6 must be looking much less attractive.

FIGURE 1 Global emissions projections for 2050 showing modelled AP6 results and the position recommended by scientists



Source: ABARE and Climate Institute

Some conclusions

I think several conclusions can be drawn from the recent history of climate change policy.²⁵

The first is that, despite its formal if belated acknowledgment of the reality of climate change, the Federal Government still operates in a state of denial. Senior ministers, including the Prime Minister, do not accept the science or the consequences of global warming for the world predicted by the world's leading climate scientists. If they accepted the science, they would no longer deny aspects of it when convenient to do so, they would not threaten and gag climate scientists from speaking publicly about their science, and they would begin to act resolutely to cut Australia's emissions.

²⁵ The earlier history is recounted in my book *Running From the Storm: The development of climate change policy in Australia* (University of NSW Press, Sydney, 2001).

Second, climate change policy is determined in Canberra with no regard for the public interest and without reference to the long-term implications for Australians but at the behest of a powerful cabal of fossil fuel companies and their paid lobbyists. This explains why the Government has relied almost solely on voluntary programs that have manifestly failed to stall the growth of Australia's greenhouse gas emissions. The \$2 billion the Government claims it is spending on greenhouse programs represents perhaps the most expensive exercise in window-dressing in the history of the Commonwealth. It is all the more remarkable in light of the fact that the Government's own economic modelling suggested that the costs of making the transition to a low-carbon economy would be very small.

Finally, it would be wrong to believe that the Federal Government is complacent about climate change. On the contrary, it knows that there is considerable and growing public concern and that is why it is making extensive efforts to give the appearance of doing something. However, it now seems reasonable to conclude that it has decided to move to kill off the wind energy industry in Australia, a conclusion consistent with its view that the MRET program worked too well in stimulating the growth of the industry and the conjuring from thin air reasons to veto wind power developments. The shift of government research funding from renewables to geosequestration and the recent interest in a nuclear power industry suggest that the Federal Government's strategy is to actively delay any moves to temper the growth of Australia's emissions for 20 years or more.