

Environment Business Australia media release in response to final Garnaut report

INVEST IN REDUCING CLIMATE CHANGE RISK TO ECONOMIES AND SECURITY

We cannot afford to tinker at the edges of the climate change problem. This is the most serious economic and security issue facing Australia. Environment Business Australia therefore supports the statement from Professor Ross Garnaut "Australia should also offer to play its part in an ambitious agreement. Its fair share of a 450 ppm agreement would be to reduce emissions by 25% from 2000 levels by 2020 and by 90% by 2050."

Unleashing and supporting the private sector's innovation is key to realising 25% GHG emissions cuts by 2020. In spite of current turmoil on world markets investment in energy projects will continue to occur. What is vital is that this money flows to low carbon energy infrastructure. The success, or otherwise, of this will be determined by the policy signals and levers that Government brings to bear over the next 5 years.

Environment Business Australia CEO Fiona Wain said "There is commercial 'upside' available in new projects and practices that deliver goods and services but also reduce greenhouse gas emissions across the economy."

"It is Asia where the battle against climate change will be either won or lost, Australia's efforts should therefore focus on building resilience into the domestic economy, developing major clean energy projects that stimulate economic activity and job creation and the transfer of expertise and technology to countries in the region" said Fiona Wain.

Five core steps to tackle climate change

1 - Energy efficiency

Energy efficiency is the first step with cities and the built environment offering the single largest and most cost-effective source of GHG abatement. Public transport and efficient vehicles are a vital component of transition.

2 - Recycling

Recycling materials, embodied energy and organic waste is the second step and can turn the waste sector's 3% of national emissions into a 10% reduction in GHG emissions by 2020.

3 - Biological carbon sinks

The third step is the replacing of forest and native vegetation cover and replenishing soil carbon. This provides carbon sinks that help buffer against drought and erosion while earning farmers carbon credits. Australia should ramp up its efforts to help developing countries avoid deforestation.

4 - Large scale renewable energy projects

The fourth step is the development of major renewable energy infrastructure. It is conceivable that by 2030 Australia could have 'mega clean energy parks' with solar thermal and PV, geothermal, wind and marine energy providing baseload energy to the grid; at the same time being a regional hub for manufacturing and minerals processing.

5 - Cleaner fossil fuels

The fifth step is trialling a portfolio of cleaner coal technologies including carbon capture and storage.

The first three steps are low-cost, low-risk bridging steps to deliver GHG abatement and carbon offsets. They need to be put in place very rapidly. Steps 4 and 5 have longer-term beneficial economic outcomes. They are projects that need to be scaled-up immediately.

Funding the transition to a low carbon economy

Alongside targets, global foresight demands a massive injection of funding to immediately scale up existing solutions and pull through the next generation of technology. Professor Garnaut puts Australia's share of investment in innovation deployment at \$2.7 billion per annum.

A transformational change in how we manage the economy is required. This must happen at scale and at speed. Soft starts and incremental steps will not serve Australia well. All infrastructure expenditure should be directed to low carbon outcomes. In Australia additional funding could be drawn from:

- Reallocation of part of the Defence budget
- The Future Fund
- Treasury
- Revenue from the Carbon Pollution Reduction Scheme (CPRS)
- Reallocation of current Government spend and investment; forward procurement commitments
- Institutional investors such as pension funds
- Private sector project financing

Market turmoil

Regional stability and international security must not take a back seat to turmoil in economic markets. The global market has been misguided by short-termism and by subsidies designed for a previous era. The perverse outcomes are now evident.

A robust environment is the context for global commodities and wellbeing and it must be recognised as the foundation of our economy. There is no priority more important and action to reduce risks can no longer be delayed.

Making the transition happen

This is a mammoth and complex task. Australia's role is to prove that an energy intensive economy can retain its prosperity by being smarter and more efficient. The private sector can bring finance, creativity, expertise, innovation in technology and infrastructure and now needs Government to provide a comprehensive package of policy measures where regulation, taxation, standards, procurement and investment drive the necessary outcomes. Perverse subsidies must be removed; disincentives to common good action must be eradicated.

EBA recommends that Government focus on new market and new industry development opportunities. The architecture and roadmap to commercialise green energy and clean technology throughout the domestic supply chain in turn creates access to markets of scope and scale in Asia.

Include all costs in pricing

Fossil fuels are not "cheap". All costs of energy must be internalised in the pricing, including waste and pollution. Only then can new technology and infrastructure entrants with high early commercialisation costs be competitive and gain access to the markets of scope and scale that will see them come down the cost curve.

Environment Business Australia

Environment Business Australia is a business think tank and advocacy group promoting commercial solutions to environmental challenges. The group advocates far-reaching policies to help shape the marketplace for clean and efficient technologies and smart systems and ideas.

As the peak organisation for the environment industry/cleantech sector EBA's membership includes companies from banking and investment, energy, renewable energy, energy efficiency, technology and infrastructure, consultancy, engineering, built environment, legal, accountancy, waste and recycling, utilities, supply chain, retail, water, forestry and land management – it is a broad church drawn from major corporations represented on the ASX to SMEs.