

Treasury Modeling & Climate Change Policy

Swan and Wong miss the point that matters most

(Letter published in AFR, 3 Nov 08. Square bracketed deleted by Ed)

Thursday's press release by Treasurer Wayne Swan and Climate Change Minister Penny Wong claims the Treasury's modeling report, for which (strangely) they appear to have written the foreword, concludes "the Australian economy will continue to grow strongly as we reduce carbon emissions" and "the earlier Australia acts, the cheaper the cost of action". However, their release failed to mention that the modeling assumes other major emitters take comparable action and also fails to report Treasury's statement that "stabilisation (of CO2 concentrations) is only possible with action by all major emitters".

Why did the ministers not announce that the Government's policy on emissions will depend on major emitters agreeing to reduce emissions to stabilisation levels?

The ministers should have made it clear that their reference to Australia acting early was contingent on others doing so too. Perhaps they didn't because it would involve a change of policy promised by Kevin Rudd [or because such details (sic) will be looked at later].

A question also arises as to why the Treasury report provided no estimate of the cost of Australia going it alone (or with the European Union only). [As this is current government policy, perhaps they were instructed not to do so? But] surely responsible government demands that Australians be provided with estimates of such a go- it-alone policy?

Numerical modeling doesn't always add up

(Letter published in The Australian, 3 Nov 08. Square bracketed deleted by Ed)

Thursday's joint press release on Treasury's modeling [by Treasurer Wayne Swan and Climate Change Minister Penny Wong claims it concludes] says "the Australian economy will continue to grow strongly as we reduce carbon emissions" and "the earlier Australia acts, the cheaper the cost of action".

However, this release is little short of a disgrace.

It fails to mention that the modeling assumes other major emitters take comparable action and provides no estimate of the cost of Australia going it (almost) alone, which is current government policy. [Relevant to that,] it also fails to report Treasury's statement that "stabilisation (of CO2 concentrations) is only possible with action by all major emitters".

In short, a proper reading of the Treasury report is that the Government's policy should depend on major emitters also agreeing to reduce emissions to

stabilisation levels. Any idea that there is advantage in Australia acting early (almost) alone is absolute nonsense unless others do so too. One suspects the ministers didn't make this clear because it would involve a change of policy. But when the facts change the policy must also.

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