

Australia feels the heat on climate targets

There is plenty of headroom for Australia to be more ambitious with its emissions reduction targets.

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Pressure is mounting on Australia to do better on climate change. China, Japan, Korea, the EU, the UK, Canada and others have all announced net-zero emissions targets, and the Biden-Harris administration is likely to do so too. Several countries have strengthened their 2030 targets, others will follow suit.

The federal government is walking away from its insistence on using carry-over credits from the 2010-2020 Kyoto periods, but that will not be nearly enough to meet international expectations. Australia will be expected to take on a stronger 2030 emissions target, and to submit a national strategy on how to get to net-zero emissions in the longer term. The first is readily possible, the second is badly needed.

The Paris Agreement was designed to periodically ratchet up the emissions targets. The original national emissions pledges unsurprisingly do not reflect the agreement's overall ambition. Targets tend to be weak relative to what can be achieved because governments rely on pessimistic emissions projections and overly high cost estimates, give disproportional weight to the interests of incumbent industries, or simply hope to free-ride on the efforts of other countries.

As a result there is plenty of headroom to do better. We are beginning to see stronger 2030 targets announced, with the UK taking on a 68 per cent reduction target and the EU expected to ramp up to 55 per cent, both relative to 1990.

The UK together with several other countries is running a mini-summit for countries to announce stronger emissions targets this Saturday. At the time of writing Australia was not invited to speak. The Australian government has said that it will not revise the national target. Announcing the intent not to use carry-over credits only serves to bring us to a position that other countries were at from the start, as Australia was the only country to propose using carry-over.

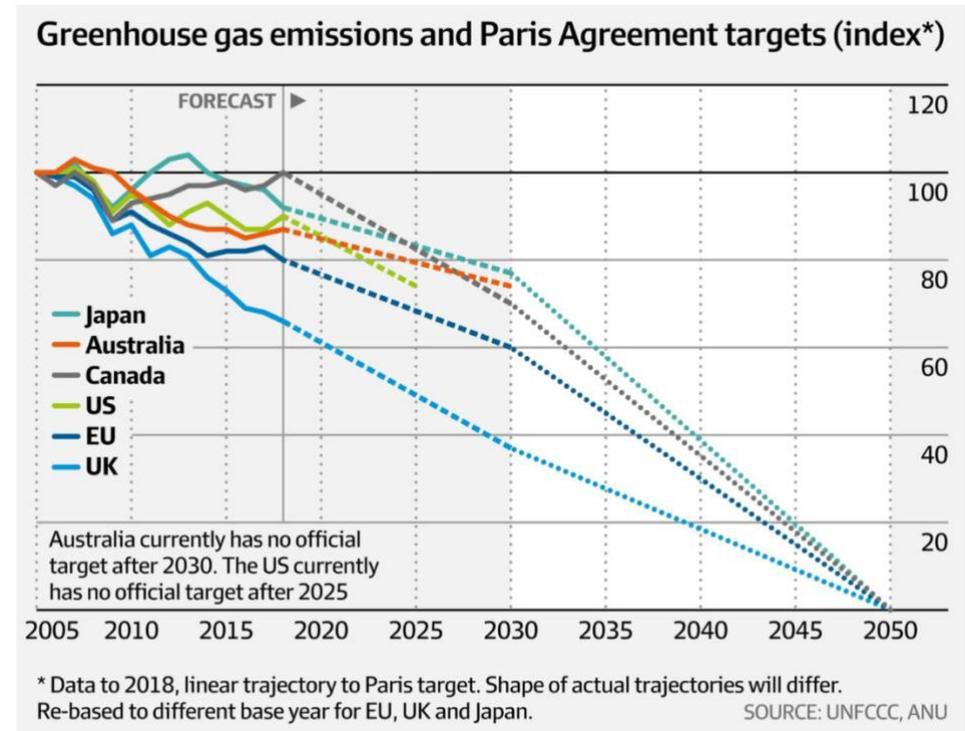
The pressure will ramp up next year when President Biden takes over. The current US target is a 26-28 per cent reduction at 2025 compared to 2005 – the same numbers as Australia's, but five years earlier.

The Biden-Harris administration will very likely take on a 2030 target, which could well be a per cent reduction in the high 30s. US coal is declining and renewables are rapidly rising. This trend accelerated during the Trump years, and clean energy keeps getting cheaper. The White House will implement low-carbon policy where it can, looking to create jobs and commercial advantage in clean manufacturing industries.

It will then become starkly obvious how weak Australia's existing emissions target is. In 2019, national greenhouse gas emissions were 14 per cent or 86 million tonnes of carbon dioxide equivalent lower than in 2005. This is very largely due to less land clearing as a result of changes that pre-dated the Paris Agreement. Net land-use change and forestry emissions peaked in 2007 and were 106 million tonnes lower in 2019 than in 2005.

Emissions from everything else together rose by 20 million tonnes or 4 per cent. The single best recent news has been electricity sector emissions, which fell by about 5 million tonnes each year over the last three years.

To achieve the existing target, national emissions would need to fall by about 7 to 8 million tonnes per year on average during the 2020s, depending on how energy demand bounces back after the pandemic. Simply maintaining the annual reductions in electricity emissions of the last few years would do most of the job, without using Kyoto carry-over.



Getting to net zero

Emissions can be readily cut in most parts of the economy. Many industrial activities can switch from fossil fuels to renewable electricity, our gas guzzling car fleet will start being electrified, fugitive emissions in mining and energy can be better handled, and our agriculture and forestry could evolve to be much more emissions efficient.

The name of the game is making our systems cleaner and more productive. To get to net zero, remaining emissions then need to be compensated through increased carbon dioxide uptake, in vegetation or through technological means.

Electricity is at the heart of this transition. Average power costs for new wind and solar plants have been lower than wholesale prices for some time. Every new renewables investment lowers market prices and eats into the remaining market for coal plants. Renewables steal the march even with costs for transmission lines and energy storage factored in. The older coal power plants will close when they can no longer compete, several of them in coming years. Cheap clean energy in turn will allow the decarbonisation of much of industry, transport and buildings over the next few decades.

Policy such as the NSW [electricity strategy](#) is needed to smooth and speed up the transition in the power sector. Moderate, sensible policies could make the transition happen at more than snail's pace in other sectors, whether that is through a mix of different regulatory, subsidy and market policies, or a carbon price which would be the best foundation economically.

Cheap renewable power at large scale can also underpin new zero emissions export industries for green hydrogen and ammonia, or even a resurgence in aluminium and steel making. But we need to get our skates on to get our slice of the world's future zero carbon energy industries.

A national long-term strategy

In response to calls for an Australian net-zero target, Prime Minister Scott Morrison and Energy Minister Angus Taylor often say that it is no good to just proclaim a target without a plan on how to achieve it.

That's precisely the point. We need a plan, and as a nation we don't have one. The government's technology road map identifies a few technologies for support, but it doesn't define a destination and it doesn't address the economics of Australia in a low-carbon world economy.

We need a proper strategy for how Australia can drastically cut emissions over coming decades, and how to compensate for remaining emissions by taking carbon dioxide out of the atmosphere. We need to understand the technologies and different trajectories they could take. We need to be clear about the dynamics of economic change, which include not only static costs but dynamic benefits from investments. And we need to understand the social and regional dimensions of the changes and how a "just transition" can be achieved. Out of all this will come a clearer picture on feasible policy pathways.

The Paris process requires all countries to prepare and submit such a strategy before the COP26 summit next November. The government's plan at this point appears to be to simply base such a document on its low-emissions technology road map, but that would fall far short of the mark.

A real strategy towards a long-term net-zero outcome would devise scenarios for Australia's emissions under different economic and technological developments, and set out interim targets as well as a long-term net zero goal, with indicative goals for each sector.

It would assess the economic benefits and costs of different options, and work out a staged approach for action, which recognises that technology and economic factors may turn out differently from what we expect.

It would lay out the social and regional flash points in the transition, including the inevitable demise of the thermal coal industry and later of gas and coking coal too. It would gauge how to help communities adjust, and map out where to invest to create new jobs.

A proper strategy would not be the preserve of the federal bureaucracy, but an open and deliberative process. It would bring to the table many different industries, involve NGOs and unions, and draw on the research sector.

Out of the sea of different views and interests, a core of common understanding would surface, because there is a great deal that most well-intentioned people will agree on. Germany's [coal exit commission](#) is a good example. One benefit is that it would create clearer expectations of future developments which will help unlock investment.

How could it be done? An obvious way would be for the Climate Change Authority to run the process, much like the [UK Climate Change Committee](#) has. The authority has been politically sidelined and is no longer properly resourced, so the federal government would need to give it a clear mandate. It may seem unlikely but it would send the right signal.

Alternatively, some of the states could run the process. All states and territories have made net-zero pledges of one kind or another, and state governments have a direct interest in clean energy and industry.

And if our governments shirk this vital task, then perhaps it falls to the business community, working with civil society. The [Australian Climate Roundtable](#) is an example for such an alliance.

Someone will need to step up.

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