



THE AUSTRALIAN

NO NEED TO PANIC

Sustainable solutions will come from science

THE propensity of some participants in the climate change debate to resort to hysteria is well known and extremely unhelpful. Al Gore's climate-change documentary *An Inconvenient Truth*, for example, was exposed by Britain's High Court as alarmist and littered with convenient untruths, including the false claim that sea levels could rise by 7m "in the near future". More reliable estimates by the UN Intergovernmental Panel on Climate Change predict rises in global sea levels in the range of 0.18m to 0.59m by 2100, mainly from expansion due to rising water temperatures.

Even if these forecasts ultimately prove inaccurate, and climate change is an inexact science at the best of times, we cannot afford to ignore them. At the same time, the IPCC figures need to be seen in context. At present, the daily tidal range around the Australian coastline varies from about 2m in much of southeastern Australia to more than 7m across the tropical north. Given that any rises of half a metre or more are at least a century away, Climate Change Minister Penny Wong's move for all coastal councils to review their town plans against a detailed model of possible flood risks is a long-term strategy. As a priority, it is secondary to the more pressing challenge of setting up a national carbon-trading scheme by 2010. Sea levels have always been subject to change, and in attempting to

predict areas of possible inundation, authorities will be dealing with much unknown data. While it would be a mistake to choke off too much seaside and canal development with over-caution, it would also be imprudent for councils to continue approving long-term developments in areas at high risk of future flooding or tidal surges, especially low-lying areas.

As far as possible, decisions should be made on the basis of hard scientific data. Long-term planning is important, but available data shows there is no need for home owners, developers or local councils to panic or to anticipate a downturn in spiralling waterfront property values. That said, the Local Government Association has welcomed news of the National Coastal Vulnerability Assessment. Its member councils fear future litigation from property owners facing plunging values or, in an extreme worst-case scenario, being forced off their lands. The insurance industry shares the concern, regarding flood mapping as vitally important.

Town planning and local governments are primarily state responsibilities and some local authorities have already begun their own assessments. But modelling needs to be consistent across the nation, and as Senator Wong identified, the Council of Australian Governments should play an important role in co-ordinating a uniform approach.

On the wider question of curbing global warming, new research released today by business consultants McKinseys is reassuring. It suggests that large-scale expansion of forestry sinks and more efficient use of energy can help Australia achieve significant greenhouse emissions by 2020. Some major energy users are sceptical, but McKinseys claims Australia can cut greenhouse emissions by 30 per cent from 1990 levels by 2020 without major lifestyle changes or technological breakthroughs. It estimates the cost would be an affordable \$3 billion a year. The report identified the need for more efficient energy use in factories, offices and homes. It also advocated an end to widespread land clearing and deforestation, and emphasised the importance of major tree planting programs. Without this, it argued, other measures would need to be more severe.

Significantly, the report debunks the claims of doomsayers who insist that to cut emissions, Australia must turn away from coal-generated power in favour of renewable energies. Unfortunately, current clean-coal technologies are prohibitive in cost for existing power stations. In the medium term, however, it is scientific research and technology rather than economic meltdown and panic-driven austerities that will find the most sustainable environmental solutions.



‘Efficiency and forestry’, not switch in energy, key to cuts

Matthew Warren
Environment writer

FORESTRY and more efficient use of energy, rather than gas or renewables, can spearhead deep cuts in Australia’s greenhouse emissions by 2020, according to research by heavyweight business consultants McKinseys.

The report, to be released today by the global A-list consultants, backs environmentalists’ claims that Australia can afford to cut its greenhouse emissions by nearly 40 per cent over the next 12 years.

Major energy users dismissed the claim as “literally fantastic”.

The report claims deep emission cuts of 30 per cent by 2020 based on 1990 levels could be achieved at a cost of about \$3 billion a year, or up to \$65 per tonne of greenhouse emissions. Australia is currently 9 per cent above its 1990 emissions.

The report claims the first quarter of the 40 per cent emissions cuts could come by improving the efficiency of energy use in factories, offices and households through insulation and retrofitting of electric motors and airconditioning systems, which would deliver huge savings

in power bills.

A further 31 per cent would come from avoiding further land-clearing and deforestation, coupled with rapid, widespread tree-planting programs to provide one of the cheapest ways for Australia to offset its greenhouse emissions.

The McKinsey modelling predicts there will be some new geothermal and wind energy generation by 2020, but by comparison very little switching from coal to gas-generated electricity.

Opposition environment spokesman Greg Hunt yesterday predicted the Rudd Government would abandon its mandatory renewable energy target to include all low-emission options by the 2009 budget.

The self-commissioned report, An Australian cost curve for greenhouse gas reduction, follows similar McKinsey analyses in the US, Britain and Germany.

The report’s author, Stephan Gorner, said that compared with most other developed economies, Australia was in a unique position to develop large-scale forest sinks as a relatively cheap way to quickly deliver large cuts in net emissions.

He said that without forestry and the big gains available by replacing coal with zero-emissions energy, Australia would find it much more difficult to achieve the deep targets proposed. “We are not daydreaming and thinking about breakthrough technologies,” Mr Gorner said. “Everything here is live and operating.”

Climate Institute policy director Erwin Jackson said energy efficiency was still the bridesmaid of greenhouse policy and that the McKinsey research highlighted the need for urgent government action to drive savings across the economy.

Australian Industry Greenhouse Network chief Michael Hitchens doubted such cuts were possible and warned that the report dangerously omitted many of the broader costs arising from this scale of emissions cut.

“If we need an emissions price of \$60 a tonne, as they suggest, then that will cost far more than \$290 per household,” Mr Hitchens said. “This means something like 16c (more for) each litre of petrol, a 30 per cent increase in household power bills and maybe the doubling of gas prices.”



Being green for cost of a call

Marian Wilkinson
Environment Editor

FOR the cost of a daily local phone call, Australians could cut their greenhouse gas emissions to the same ambitious levels now being considered by the most advanced European countries, an economic study has found.

The report by the management consultants McKinsey and Company, advisers to some of the world's biggest corporations and institutions, says that by 2020 Australia could cut its greenhouse emissions to 30 per cent below 1990 levels for a cost of less than 80 cents a day for each

household – or \$290 per year. Over the same period household income is expected to rise by more than \$20,000 per year.

The cuts could be made without a big technological breakthrough or dramatic lifestyle changes, the report finds, and by 2030, emissions could be slashed up to 60 per cent.

"This is not daydreaming. This is a fact-based analysis aimed at setting the goal posts," one of the report's authors, Stephan Gerner, told the *Herald*.

The report, *An Australian Cost Curve for Greenhouse Gas Reduction*, pre-empt's the Federal Government's own studies on the

cost of cutting greenhouse gases by Ross Garnaut and the Treasury. Professor Garnaut is not due to release a draft of his report until June and yesterday the Treasurer, Wayne Swan, said his department's modelling would not be available until then.

The Rudd Government has consistently refused to set its 2020 target for cutting greenhouse gases until it receives the Garnaut report. It has committed only to a 2050 target of cutting emissions by 60 per cent from 2000 levels.

The McKinsey authors have briefed the offices of the Treasurer; the Climate Change Continued Page 4

Going green for cost of a phone call

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Minister, Penny Wong; and Professor Garnaut on their report, which stresses the need for urgent action to achieve the cuts.

"Significantly reducing Australia's greenhouse gas emissions is achievable and affordable but requires rapid action", the report concludes. It notes, "The scale of changes required is substantial."

Mr Gerner, who came to McKinsey's Sydney office from Germany, rejected suggestions that the report was too optimistic but said: "You have to act now to make it happen".

"There are likely to be winners and losers," he acknowledged

The report investigates more than 100 opportunities to cut greenhouse gases across the economy, including stepping up investment in wind power, in-

creasing regulations to slow land clearing, using tougher regulations to lift energy efficiency, speeding up new technologies through tax breaks and subsidies, lifting fuel efficiency standards, increasing the use of biofuels and increasing the use of renewable energy.

Reducing emissions in the building sector, cutting emissions from air-conditioners, hot water systems, lighting and appliances will be the most economic way of cutting emissions because the savings to the consumer will pay for the changes, the report finds.

The heavily polluting power industry will need to radically cut its emissions, which are soaring. Without any new action, Australian emissions are set to rise to 127 per cent of 1990 levels in 2020 rather than fall.

Controversially, the report assumes that clean coal technology will be commercially available for coal-fired power stations by 2030, and two-thirds of the industry will be using it. As yet there is no clean coal plant in commercial operation. The report acknowledges that, without clean coal, the cost of slashing emissions by 60 per cent by 2030 will increase by almost a third.

Alternatively, the use of renewable energy will need to increase greatly.

'You have to act now to make it happen ... there are likely to be winners and losers.'

STEPHAN GERNER, report author



Greenhouse cuts 'cost \$290 a year'

Australians could dramatically cut their greenhouse gas emissions to the same ambitious levels now being considered by the most advanced European countries with little cost, according to a major new study on the Australian economy.

The report by McKinsey and Company, released today, says that by 2020 Australia could cut its greenhouse emissions to 30 per cent below 1990 levels for a cost of less than 80 cents a day for each household, or \$290 per year. Over the same period, annual household income is expected to jump by more than \$20,000 a year.

The cuts could be made without a major technological breakthrough or lifestyle changes, the report found, and by 2030 emissions could be slashed by up to 60 per cent. "This is not day dreaming. This is a fact-based analysis

aimed at setting the goal posts," one of the report's authors, Stephan Gorner, said.

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energy, increasing regulations to slow land clearing, tougher regulations to lift energy efficiency and fast-tracking new technologies through tax breaks and subsidies.

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Going green could be easy

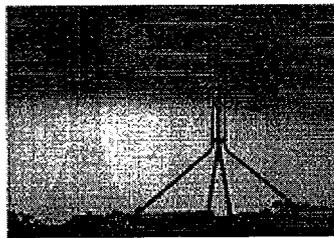
By **MATHEW MURPHY**
ENERGY REPORTER

AUSTRALIA could reduce its greenhouse gas emissions by 30% by 2020 without making major lifestyle changes or technological breakthroughs and at a cost to households of less than \$6 a week.

Consultants McKinsey & Co will today release a report, *An Australian Cost Curve for Greenhouse Gas Reduction*, which shows that a significant reduction in greenhouse gases is "achievable and affordable" but only if action is taken now.

McKinsey's modelling shows that a 30% emissions reduction below 1990 levels by 2020 and a 60% reduction by 2030 can be achieved by using developing technologies and energy efficiency measures.

Reduction on this scale would cost \$2.9 billion, or an average cost of \$290 per household every year, from 2020.



Canberra has been praised for taking a lead on climate change.

The Rudd Government has committed to a 60% reduction of emissions by 2050 but is waiting for the results of the Garnaut review to determine its short-term target.

The McKinsey study said the reduction would require implementation at a cost of \$65 or less per tonne of greenhouse gas. Action by government, business and consumers would also be urgently needed to achieve the targets.

These include setting a 2020 emissions reduction target,

expediting the commercialisation of promising technologies, developing campaigns to alter behaviour and participating in global frameworks such as the Clean Development Mechanism.

Last night, Helen Liddell, former energy minister in the Blair government and now British high commissioner to Australia, used a speech in Canberra to praise Australia's efforts in tackling climate change. The country had "emerged as a leader on the world stage" since the Bali conference in December, she said.

Ms Liddell called on all nations to overhaul their energy use and supply in a bid to halt serious damage from climate change. "If we succeed, we stimulate untold wealth. If we fail, the inexorable rise in living standards from one generation to the next will be in serious doubt," she said.

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Push for quicker green target

By Rosslyn Beeby

Science and Environment Reporter
Australia can achieve a 60 per cent reduction in greenhouse emissions by 2030 – 20 years earlier than the target set by the Rudd Government – chiefly through energy-efficient buildings and appliances, a new report says.

Global business consultants McKinsey & Co claim deep cuts to Australia's emissions are achievable and affordable, with an estimated gross cost to the economy of \$2.9 billion, or an average of \$290 a household.

But it warns the scale of changes required is substantial and the Rudd Government must urgently set "aggressive but realistic" emission reduction targets to avoid dangerous climate change.

In an analysis issued today which charts Australia's cost curve for carbon reduction, the company recommends the Rudd Government take three key steps to cut emissions – set an aggressive reduction target for 2020, accelerate policy implementation, and proactively support global programs to achieve greenhouse cuts.

"Australia's recent ratification of the Kyoto Protocol forms a binding commitment to stabilise greenhouse-gas emissions at 108

per cent of 1990 levels by 2012. Failure to do so will have real consequences in the upcoming commitment periods, and current projections indicate that Australia will need to strengthen its efforts to meet this target," the report says.

It claims by 2030, a total of 60 megatonnes of carbon cuts – an 11 per cent overall reduction – can be found in the building sector, "and many can be implemented today". These include improved commercial air handling, air-conditioning, water-heating systems, changes to lighting systems and energy-efficient stand-by features.

Other quickly implemented measures include refrigeration efficiency, more fuel-efficient cars, improved tillage and fertilisation for farms, electric motor-drive systems, replanting of native vegetation on marginal crop and grazing land, capture of methane leakage from mines and geothermal baseload power generation.

The report excludes nuclear power from the cost curve "because it appears highly unlikely that regulatory approval would be granted to build such a facility by 2020".

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Emissions target can come 20 years early: study

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The McKinsey cost curve analysis does not include solar thermal power, which CSIRO claims is capable of meeting Australia's total electricity demand from a 35sqkm area with high levels of sunlight and low cloud cover.

Within the power sector, significant emission cuts can be achieved through carbon capture and storage for coal and gas, onshore wind and geothermal power generation.

The report estimates just under 8 per cent of Australian energy could be produced by geothermal power by 2030. "A significant reduction in Australia's greenhouse-gas emissions is achievable – 30 per cent below 1990 levels by 2020 and 60 per cent by 2030 without major technological breakthroughs or lifestyle

changes," the report says.

The Rudd Government has committed to a target of cutting emissions by 60 per cent by 2050 but has resisted setting a 2020 reduction goal until it receives a report later this year from Australian National University economist Professor Ross Garnaut.

ANU Climate Law Institute director Andrew Macintosh said the McKinsey analysis showed deep cuts to Australia's greenhouse emissions were "absolutely achievable" without adverse economic impacts.

"All the Government needs to do is get on with it and put these cuts into practice," he said.

Greens climate change spokeswoman Senator Christine Milne said the McKinsey greenhouse abatement cost curve "should end the defeatist claim that serious

emissions reductions will ruin the economy".

"McKinsey makes it clear that large emissions reductions can be achieved for very little cost, including a great array of abatement options that save money," Senator Milne said. "Perhaps more importantly, they set this cost against the far larger economic growth, showing how small a sacrifice we need to make.

"The report puts a cost of \$290 per household by 2020, over which time household income will be \$20,000 higher.

"With such low cost, surely we can afford even deeper cuts, giving us an even better chance of avoiding catastrophic climate change.

"Indeed, it would be utterly irresponsible not to reach out for them."

Backing for short-term climate targets

John Breusch

The federal government has come under further pressure to adopt an aggressive short-term climate target after consultancy McKinsey and Co said Australia could cut emissions by 30 per cent by 2020 and 60 per cent by 2030 with little cost to the economy.

McKinsey's modelling, to be released today, concludes that a quarter of those emissions cuts could be achieved in a way that saves money.

The finding implies the government should move to cut emissions

by directly mandating change in some activities, such as building and transport, rather than relying on the incentives created through emissions trading.

At a UN climate change conference in Bali in December, Australia came under pressure to commit to cutting its emissions by 25-40 per cent below 1990 levels by 2020 — reflecting an overall target for developed nations that Australian officials accepted as a basis for negotiations.

But as business groups warned that such a cut could impose huge costs on the economy, Prime Minis-

ter Kevin Rudd said he would not set a target until he received a report, due in September, from economist Ross Garnaut.

In parliament yesterday, Treasurer Wayne Swan said modelling by Treasury, to be completed by the middle of the year, would also feed into the government's deliberations on a short-term target.

McKinsey's modelling concluded that a 30 per cent cut could be achieved by 2020 at a cost to each household of just \$290 in that year.

While much of the climate change debate focuses on the need for cleaner power generation, McKin-

sey's analysis highlights the extent to which the cheapest emissions cuts can be made, through improved energy efficiency in areas such as home water-heating, building standards and car fuel economy — all of which should end up saving money.

The author of the report, Stephan Gorner, said the building industry was an example of misaligned incentives discouraging changes that should actually save money — and in which direct regulation, rather than a carbon price, was necessary.

"As a builder, you don't care about proper insulation and energy-

efficient air-conditioning because the future tenants have to bear the cost," he said.

"So what's required are mandates and a set of policies which are regulating that."

McKinsey's analysis assumes that carbon capture and storage technology, which aims to clean up coal-fired power stations, would come on line sometime between 2020 and 2030.

The government has committed to delivering 20 per cent of Australia's power in 2020 from renewable sources, while the coalition favours a 15 per cent target.

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Mental drummer wins case

A former drummer for the pop group Mental As Anything, accused of playing 'like a chimpanzee on speed', has won his legal action against the band for unfair dismissal.

In the NSW Industrial Commission yesterday the judge, Francis Marks, found David Twohill should have been given six months' notice of dismissal.

Mr Twohill had told the commission he was sacked with just four weeks' notice in September 2004 as he retrieved his luggage at Sydney airport.

Justice Marks ordered band members Martin Plaza (real name Martin Murphy) and Greedy Smith (real name Andrew Smith) and their company Mental As Anything Touring, to pay Mr Twohill \$12,100 in compensation. An order for costs of the legal action will be made at a later date.

Mr Twohill had accused Mr Smith of