



WELCOME TO THE NEW CLIMATE MONITOR

Whether it be new scientific data, the economic implications of reducing emissions or political and policy responses, every day reveals another report or piece of evidence relating to climate change. But establishing what is relevant and of importance takes time. Kinesis's extensive network includes many of the world's best thinkers and climate change practitioners in government, business and academe. Rather than just reading the standard media and other resources, our ongoing relationships and connections mean we are informed and on top of the most important information, current thinking and activity within the climate change space.

Drawing on this resource and our own research, each month we will present a concise review of the important insights that have come to our attention over the previous month, including: policy analysis and response; the latest climate science and impacts; business leadership; communication and technological innovation. Reading the Kinesis Climate Monitor will broaden your perspective and keep you abreast of matters you may not otherwise be aware of, or may not have had the time to attend to.

email monitor@kinesis.org

POLICY ANALYSIS AND RESPONSE

THE GARNAUT REVIEW


On 30 September the final report of the Garnaut Climate Change Review was released. The report provides a significant input into the Australia's international diplomatic position on climate change and domestic policy including the Carbon Pollution Reduction Scheme (CPRS). In line with the conclusions of the influential Stern Review, Garnaut concludes that the overall cost to the Australian economy of tackling climate change was likely to reduce annual Australian economic growth to 2020 by less than 0.2%—far less than the costs associated with a failure to reduce emissions.

Garnaut's recommendations included:

- ± that the CPRS should be established in 2010 with an independent 'carbon bank' overseeing the scheme;
- ± a transition period to the end of 2012 with fixed price permits;
- ± compensation to trade-exposed, emissions-intensive industries, and
- ± all emissions permits to be auctioned with about half the revenue going to support poor households and about 20% to support low-emissions technologies.

AUSTRALIAN TREASURY MODELLING

The Australian Treasury has released its report into the economics of reducing Australia's greenhouse gas emissions through its Carbon Pollution Reduction Scheme. The report titled *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* models different scenarios for how Australia's economy will be affected by climate change policy. This report is seen as another key factor informing the Government's Carbon Pollution Reduction Scheme, particularly the setting of emissions targets. The modelling indicates that economies which make the transition early to low emissions will be 15% better off than economies that wait until a global agreement is in place. The report has found that to reduce emissions through the CPRS households will likely have to pay an additional \$4 per week for electricity and \$2 for gas and other fuels.

 **WANT TO KNOW MORE?** Full report at www.treasury.gov.au/lowpollutionfuture/

On the question of targets (which will help guide allocations to emit greenhouse gases under the CPRS), Garnaut concludes that these must be driven by the likely global target of the maximum amount of greenhouse gases in the atmosphere. Although climate science makes a compelling case that the level must be beneath 450 parts per million of greenhouse gases (so-called 'ppm' of 'CO₂e') Garnaut believes that this will be very difficult to achieve as part of a global agreement. He believes that 550 ppm is more realistic. Australia's share of achieving 550 ppm globally would be to reduce its emissions from 2000 levels by 10% by 2020 and 80% by 2050. Australia's share of achieving 450 ppm globally would be to reduce its emissions from 2000 levels by 25% from 2000 levels by 2020 and by 90% by 2050.

 **WANT TO KNOW MORE?** The report is available at garnautreport.org.au. Key findings together with the initial reaction to the review findings was well covered in [The Age](#) and [The Australian](#) newspapers.

Carbon reduction will cost households

\$6.00 per week



Obama has pledged to introduce a cap and trade system and create 5 million green jobs.



Climate Change and the Global Financial Crisis

THE MUCH REPORTED FINANCIAL CRISIS HAS resulted in calls from some for action on climate change to be put on hold until financial markets recover. Australian Reserve Bank board member Warwick McKibbin has stated that the Federal Government's *Carbon Pollution Reduction Scheme* should be delayed until 2011 or 2012. Tightening credit markets are also likely to make it difficult to finance new low emissions infrastructure.

Lord Nicholas Stern believes the key lesson from the global financial crisis is the importance of addressing risk early. For Stern the current situation presents an opportunity to 'grow out of this recession in a way that both reduces risks for our planet and sparks off a wave of new investment which will create a more secure, cleaner and more attractive economy for all of us.' In similar vein to the US, the United Nations has argued that the creation of new green jobs can provide vital economic stimulus. For investors the financial crisis has had a significant effect on green tech and renewable companies. Many renewable energy companies are having difficulty securing the credit needed to finance their projects. However, Deutsche Bank's annual *Investing in Climate Change Report* for 2009 states that green companies will remain a strong long-term investment.

WANT TO KNOW MORE?

Read [UN's Green Jobs Report](#)
[Deutsche Bank](#) Investing in Climate Change
Lord Stern's article in [The Guardian](#)

US Presidential Elections

IMPLICATIONS OF THE **OBAMA PRESIDENCY**



Barack Obama's presidential election victory has created expectation of real progress in climate change policy both internationally and in the United States. In his acceptance speech Obama listed a 'planet in peril' as one of the three crises currently facing the United States. Climate change was the second major policy issue Obama made a statement on following the election. Speaking at the *Governor's Global Climate Summit* convened by Arnold Schwarzenegger Obama on 18 November the President-elect stated 'My presidency will mark a new chapter in America's leadership on climate change that will strengthen our security and create millions of new jobs in the process.' Obama has pledged to introduce a cap and trade style emissions trading scheme and set a target to reduce greenhouse gas emissions by 80% by 2050. He has also pledged to create 5 million new 'green jobs' by investing \$150 billion over the next five years in clean energy.

WANT TO KNOW MORE?

To see Barack Obama's climate policies go to his campaign website at barackobama.com.

Al Gore wrote an insightful opinion piece on Obama's position in the [New York Times](#).

The English novelist Ian McEwan wrote a beautiful piece in [The Guardian](#) outlining how Obama's victory can influence climate change action. For a report on Obama's appearance at the Global Climate Summit see [NYTimes](#).

Politics and Policy

UK CLIMATE CHANGE BILL

The *UK Climate Change Bill* is seen as one of the most significant pieces of new domestic climate policy anywhere. When



law it creates a legally binding emissions reduction target. In addition to setting an emissions reduction target the *Climate Change Bill* also requires the creation of five year annual carbon budgets that set binding limits on each year's emissions. The *Climate Change Bill* also establishes an independent Committee on Climate Change advising the Government on the pathway to the 2050 target and establishing the level of carbon budgets, reduction effort needed by sectors of the economy covered by trading schemes, and on the optimum balance between domestic action and international trading in carbon allowances. The UK Government made two significant changes to its *Climate Change Bill* which it hopes to pass this year. The Government has amended the Bill to raise the emissions reduction target to 80% reflecting the emerging science about the scale of action required. The Bill has also been amended to include emissions from both shipping and aviation.

WANT TO KNOW MORE?

Information on the *UK Climate Change Bill* is available at the [DEFRA site](#).

To read Adair Turner's views on achieving Britain's emissions target visit [Times Online](#).

kinesis.org

Level 2, 255 Riley Street, Surry Hills
telephone 02 8005 4290
email monitor@kinesis.org