

Chapter 8

Policy Tools for Reduction of CO₂ Emissions Briefly Compared

The Hon Malcolm Turnbull MP

A speech delivered to the NSW Bar Association on 18 May 2010.

Tonight I am going to discuss the different policy tools that can be employed to reduce greenhouse gas emissions.

I am not going to canvas the merits of the global warming thesis or discuss at length the politics of the issue – to do that would entail a much longer address.

So let us assume that the object of policy is to reduce greenhouse gas emissions (which I will refer to as CO₂ or carbon emissions), to do so at least cost and to do so in a manner which does not unduly or at all disadvantage Australia with respect to other countries.

We should also assume that our long term global goal is very substantial reductions in emissions, a goal which will require all or almost all of our stationary energy to be produced from zero or near zero emission sources.

But, as a proviso to that assumption, we should also bear in mind that we want our emission reductions to be broadly in line with those undertaken by other nations. In other words, while not wanting to be laggards, we do not want to be far out in front of the pack.

Right now, it has to be said Australia has a very high carbon footprint expressed in emissions per capita and that is because we generate almost all of our stationary energy from burning coal; a significant part of which is brown coal and very emissions intensive.

There are four principal approaches which can be taken:

- imposing a tax on GHG emissions – a carbon tax;
- putting a cap on the level of emissions and requiring would-be emitters to purchase a permit – an Emissions Trading Scheme (ETS);
- regulating emissions by, for example, setting standards;

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