

The Politics Of Climate Change

Ahead of the United Nations Climate Change Conference in Copenhagen at the end of the year, governments around the world have been negotiating climate change policy at both a domestic and international level.

Kevin Rudd, then Opposition Leader, clearly set the agenda before the 2007 election when he declared climate change “the great moral challenge of our generation”. Climate change policy has since been the subject of intense debate and scrutiny in Australian politics.

The Labor Party went on to depose the incumbent Coalition in what widely became termed the ‘climate change election’, promising to ratify the Kyoto Protocol and to implement an ETS (emissions trading scheme) by 2010.

Amid the heady post-election afterglow, Rudd ratified the protocol, in what was, symbolically, Labor’s first formal act of government; shortly after, at the United Nations Climate Change Conference in Bali, he refused to commit to firm emissions reduction targets, citing a cautionary approach in lieu of the release of the *Garnaut Climate Change Review*.

In May, the government pushed the ETS start date back to 2011, reasoning the changed economic conditions brought about by the global financial meltdown required that the policy be adapted. The ETS, given that it will go ahead, will now be implemented after the next election.

Contending with the economic gloom, the massive Gorgon LNG project, recently given the go ahead by project operator Chevron, has provided the government with a good news story. Resources and Energy Minister Martin Ferguson has referred to the project as an ‘economic stimulus package’ in its own right. Chevron estimates it will result in 6,000 jobs during peak construction, with more than 3,500 direct and indirect jobs sustained throughout its lifespan; Chevron anticipates government revenue of around \$39.8 B, and expects locally-purchased goods and services to total around \$33 B.

Given the potential economic windfall, the momentum built towards Gorgon being given

final environmental approval was almost inexorable; in the weeks prior to Environment Minister Peter Garrett giving the project the go ahead, Ferguson trumpeted Australia’s biggest trade deal ever, Gorgon partner ExxonMobil’s signing of a sales and purchase agreement (SPA) worth an estimated \$50 B with PetroChina for the long-term supply of LNG. (Chevron has since entered into three binding SPAs for the sale of LNG into Japan and South Korea worth an estimated \$70 B.)

As a means of mitigating carbon emissions from the high CO₂ Gorgon gas, Chevron has committed to a carbon capture and storage (CCS) project of unprecedented scale, proposing to inject CO₂ underground off Barrow Island. If it goes ahead—a final investment decision will be made by Chevron before the end of the year—the CCS element of the Gorgon project will be the largest of its kind.

Concerns, however, have been raised over the suitability of Barrow Island as an emissions storage site. A report from technical experts working on the project, published in *Fairfax* newspapers, indicates there is potential for the injected CO₂ to leak from geological faults. Debate has been ongoing about the workability and deployment of CCS in general.

The government has invested heavily in CCS technology, making it a focal point of its climate change policy. In April it launched the Global Carbon Capture and Storage Institute (GCCSI), designed to accelerate worldwide commercial deployment of CCS.

Organisations such as the CO₂CRC argue CCS is an essential component of the transfer to less carbon-intensive fuel sources. Dr Peter Cook, CO₂CRC CEO, believes, with existing power stations likely to be around over the next 20 to 40 years, CCS offers the opportunity to use fossil fuels in a cleaner, smarter way. Cook has argued CCS, along with the development of renewable energy sources and low carbon fuels, should comprise an essential part of the mitigation strategy.

The competing line of argument is that CCS is largely an unknown, unproven quantity, which will potentially divert resources away

from the development of other technologies. Greenpeace’s *False Hope* report argues safe and permanent storage of CO₂ underground cannot be guaranteed, with even low leakage rates undermining climate mitigation efforts. The report also notes CCS is expensive, requiring significant funds to construct power stations and the necessary associated infrastructure to transport and store carbon.

The Gorgon project in many ways is symptomatic of the political tightrope the government is walking with regard to climate change policy; its economic benefits are overwhelming, yet there are potentially significant, ongoing environmental concerns associated with its development. The government is faced with an ongoing push and pull between the development of credible environmental policy and the continued economic health of the resources sector on which the Australian economy is heavily reliant.

To this extent, the financial crisis has proven the trigger for a change in climate change priorities. Since its conception, the ETS has been significantly softened, with the government keen to accommodate the heavy polluters, most notably the coal industry, that drive the Australian economy.

On top of this, it has been argued that, regardless of domestic considerations, the Australian Government should wait until well after the Copenhagen conference before finalising the makeup of the ETS, and that the Australian response to climate change should form part of a coordinated global effort. If firm resolutions are not reached at Copenhagen, this may firm the argument that the demands of the ETS on industry should be made less stringent, and even for its further delay.

Anthropogenic climate change sceptics would certainly applaud such a move, and there will, no doubt, be further evolution of climate change policy. However, by invoking a moral imperative to limit carbon emissions, the Labor Party has an absolute obligation to put mitigation efforts before all other considerations, economic or otherwise. The electorate is within its rights to demand tangible action. ■