

# Price Labor's carbon cuts? Yes you can

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Unlimited access to cheap foreign carbon credits could halve the negative impact of Labor's cap-and-trade carbon policy but it would still cost \$264 billion in lost economic activity, according to independent modelling to be released today.

The analysis, released as Bill Shorten continues to defy calls to put a price on his signature climate change policy, also suggests that if the Greens were to block or limit the use of international carbon permits under Labor's plan, the cost to the economy could be as high as \$1.2 trillion by 2030.

The government yesterday sought to pile pressure on the Opposition Leader's claim that it was impossible to put an economic price on his Climate Change Action Plan or the cost to business from meeting targets through the use of carbon credits.

Labor has yet to say what level of these permits would be allowed, claiming it would be worked out with business if Labor was elected.

## **ECONOMIC FALLOUT**

*Best-case estimate of effects of Labor's climate policy by 2030*

GDP LOSS	<b>\$264bn</b>
JOBS LOST	<b>166,500</b>
WAGES LOST	<b>3%</b>
WHOLESALE ELECTRICITY PRICE	<b>\$110MWh</b>
CARBON PRICE	<b>\$67/t</b>

Source: Brian S. Fisher, BAEconomics

Mr Shorten last night defended Labor's lack of policy costings.

"The cost of not acting on climate change is far worse than acting on climate change," he said on ABC's 7.30.

“And, again, when you talk about cost, what’s the cost to the environment, the cost in not acting.? When you talk about the cost to business, the reality is lots of businesses are so far ahead of government they’re already investing.”

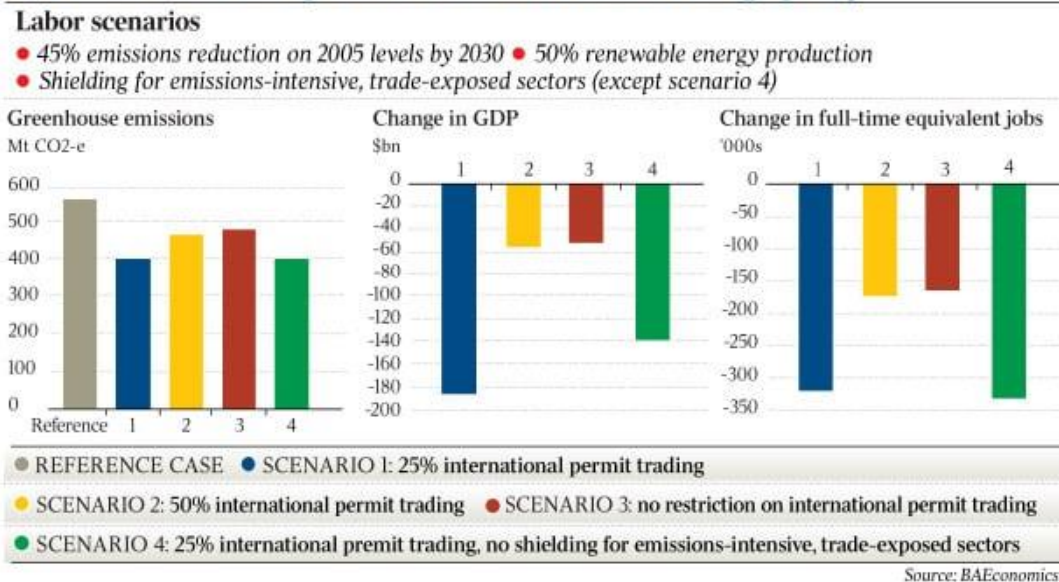
The independent modelling, however, said that depending on the level of access to international permits, Australian business could expect to be operating under a carbon price ranging from \$67 a tonne to as high as \$405 a tonne if that access was restricted.

The modelling forecast cumulative losses to gross national product could be expected to be between \$264bn and \$542bn by 2030 depending on the level of access to permit trading and industry shielding.

This would mean that by 2030, annual lost GDP would be anywhere between \$53bn and \$187bn compared with the status quo, while job losses in 2030 would range from 166,500 to 333,000.

Lower wage growth could also be expected — between 3 per cent and 11 per cent — which would mean a \$106,000 wage would be between \$3180 and \$11,660 lower than could otherwise be expected. The wholesale electricity price in 2030 could be as much as 50 per cent higher at \$135MWh, while the total cost to business of international permits required by then would be anywhere from \$US2.9bn with 25 per cent access to \$US6.2bn with no restriction.

### The economic consequences of Labor’s climate change policy



Opposition climate change spokesman Mark Butler last night sought to head off the imminent release of the report by Brian Fisher, a former head of the Australian Bureau of Agriculture and Resource Economics under both Labor and Coalition governments. Mr Butler accused Dr Fisher of producing “dodgy numbers”.

“This is the latest in a parade of dodgy numbers cooked up to try and excuse six years of delay, division and denial from the Liberals on climate change and energy policy,”

Mr Butler said. “Australians won’t be fooled, or frightened, into ignoring climate change.”

His comments followed earlier remarks in which he continued to claim Labor’s policy could not be modelled or costed.

Dr Fisher — who served as a key adviser to Australia in Kyoto climate change negotiations and has been a lead author on the Intergovernmental Panel on Climate Change — said he was releasing the report in the interests of transparency. He said it was inevitable that large adjustments to the economy that would affect industry would come at a cost but there was “a reluctance to have a frank and open discussion about these costs”. Mr Butler, when asked how much in international credits business would have to purchase, said that would be worked out if Labor was elected.

“It will depend on price,” he said. “We are confident, with a reinvigorated carbon farming market, there will be much more supply of very affordable credits from the Australian carbon farming market.

“The business community still wants the ability, if they need to, to access international permits, either through a global market or through bilateral trading arrangements we might have with countries in our region.

Mr Shorten was forced to distance himself from the Greens, which yesterday called for a unity ticket between Labor and the minor party on climate change.

Attempting to keep climate change at the forefront of the campaign, Labor will today unveil a \$75 million Renewable Training Package to help create 70,000 jobs and support 10,000 apprentices in the renewable and clean energy industries.

An earlier report conducted by Dr Fisher modelled several climate policy scenarios including the Coalition’s goal of meeting the Paris target of a 26-28 per cent reduction on 2005 levels by 2030. Including the “carry-over” of exceeding the 2020 Kyoto targets to meet the new goals would have a cumulative impact of \$89 billion by 2030. The modelling was peer-reviewed in the US and backed by leading economists in Australia.

The new report has used an updated model to test Labor’s full policy, which includes the 45 per cent reduction on 2005 emissions levels, a 50 per cent renewable energy target, a 50 per cent electric vehicle target as well as shielding emissions-intensive, trade-exposed industries and access to international carbon offsets.

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<https://www.theaustralian.com.au/nation/politics/price-labors-carbon-cuts-yes-you-can/news-story/4aae9813f8fc2a92789ad5c8f74974c2>