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Time to stop funding climate change

Our tax dollars could be used to spark a clean energy revolution

Every year state and federal governments put at least \$9 billion dollars of taxpayers' money into subsidies that encourage the use of fossil fuels (coal, gas and oil). Most of these subsidies result in increasing greenhouse gas emissions¹. Australians are paying to be put at greater risk of extreme climate change impacts like droughts and bush fires. If governments are serious about tackling climate change, they must start redirecting public funding away from polluting fossil fuels to clean energy like wind and solar.

The climate in Australia

In order to avoid runaway climate change greenhouse gas pollution must be reduced by at least 40% by 2020. This will require reductions in all sectors². Most urgently we need to tackle the biggest source of greenhouse gas emissions: burning fossil fuels for energy and transport. Pollution from energy and transport accounts for 64% of Australia's total greenhouse gas emissions³.

Tackling climate change makes economic sense because climate change impacts are expensive. According to former World Bank chief economist Sir Nicholas Stern, every tonne of carbon dioxide (CO₂) emitted into the atmosphere causes AU\$92 worth of damage⁴. The social cost of burning just one shipment of coal exported from Australia can amount to AU\$16.5 million.

Studies show that Australia can quickly make deep cuts to greenhouse pollution by switching to clean energy and energy efficiency⁴. Achieving this will require intelligent policies that drive changes in the way we use and produce energy.

How subsidies work

Some of the \$9 billion that ends up encouraging fossil fuel use in Australia takes the form of direct government handouts. Other subsidies are embedded in the taxation system. For example, the federal government gives the coal industry more than 300 million taxpayer dollars annually so that it can enjoy cheap diesel fuel. Incredibly just this one subsidy is more than the federal government currently spends on renewable energy and energy efficiency (\$232 million)⁵.

Many of the public subsidies enjoyed by the fossil fuel sector were established years ago to help it grow. The fossil fuels industries are making massive profits and can afford to go without taxpayer handouts. People and the environment, however, can't afford government policies that increase the use of polluting fossil fuels.

What about renewable energy?

Australia's renewable energy industries are not competing on an even playing field. For every dollar invested in renewable energy and energy efficiency, 28 dollars are spent on promoting the use of climate changing fossil fuels.

Renewable energy currently provides just 8% of Australia's energy. Yet, with its vast resources, Australia has the potential to be a world leader in renewable energy use and development.

Experience shows that a few policy changes can build renewable energy industries and drive smart energy use.



Australia has vast solar potential and could easily catch up with world solar leaders like Germany. This solar facility in Arnstein, Germany operates 1500 horizontal and vertical solar 'movers'. ©Paul Langrock/Zenit/Greenpeace

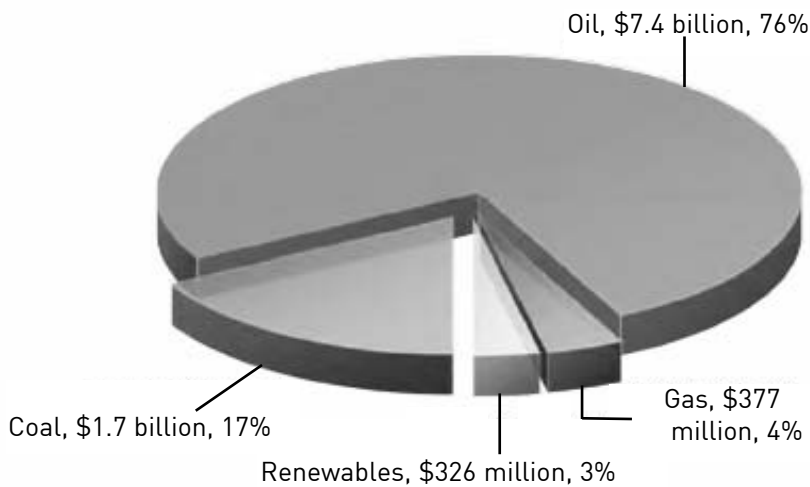
What we are doing

Greenpeace is calling on the Rudd government to:

- > Redirect the 308 million dollars given to the coal industry in diesel fuel rebates to investment in renewable energy.
- > Conduct a public inquiry to reveal the full extent of public money currently given to support fossil fuels.
- > Use the inquiry to plan the eventual redirection of all fossil fuel subsidies towards programs that:
 - ♦ promote energy efficiency;
 - ♦ develop renewable energy;
 - ♦ train a new work force of renewable energy employees;
 - ♦ cater for communities adversely affected by the inevitable transition away from fossil fuels to renewable energy.

Sign the petition today at: www.stop-fueling-climate-change.org

Proportion of federal and state government subsidies given to coal, oil, gas and renewable energy 2005 - 2006



From C Reidy, Energy and Transport Subsidies in Australia, Institute for Sustainable Futures, UTS, 2007.

Countries like Spain and Germany, for instance, have introduced "feed-in" laws that ensure people who install solar panels are paid above market rates for the electricity they generate. As a result, solar panel installations have boomed. Today, Germany has more than 100 times the installed solar capacity of sunny Australia.

Redirecting subsidies from fossil fuels to renewable energy will help drive the industry. As a first step, if the \$308 million given to the coal industry in the form of fuel tax exemptions were given to the renewable energy industry instead, it could provide:

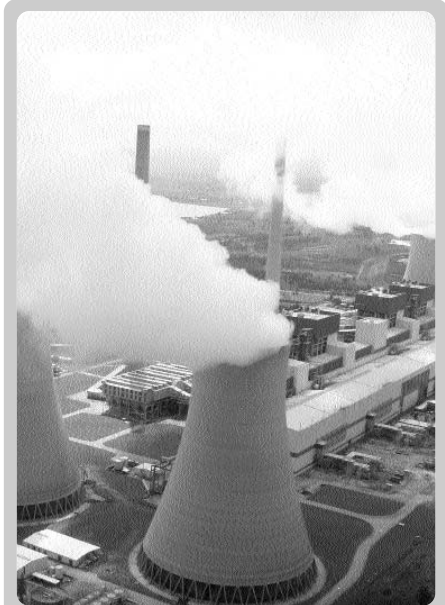
- > Grants for the installation of solar hot water heaters.
- > A start-up fund for renewable energy companies.
- > Support for renewable energy projects in coal communities that create jobs and help workers make the transition into the renewable energy industry.

Budget time: a critical opportunity

A recent Newspoll commissioned by Greenpeace revealed that 78% of Australians were unaware that fossil fuels receive a lot more government funding than renewable energy and energy efficiency programs. 90% of Australians want to see an equal or greater amount of their taxes going into renewable energy than fossil fuels, and 84% want to see the imbalance redressed within the next 12 months.⁷

In May 2008 the new federal government will deliver its first budget. This is a critical opportunity to get Australia on track to climate change solutions by diverting subsidies away from fossil fuels and putting them into the renewable energy industry.

The budget will be a clear test of the new government's willingness to break with the Howard government legacy of promoting fossil fuels and funding climate change.



The Bayswater coal-fired power station in the Hunter Valley, NSW, is one of the most polluting power stations in Australia. It emits more than 20 million tonnes of CO₂ per year.
© Greenpeace/Murphy

What you can do

- > Sign the Greenpeace petition telling Treasurer Wayne Swan to start funding the solution, not the problem:

www.stop-fueling-climate-change.org

- > Ring Treasurer Swan's office and tell him you want to see your taxes used to support renewables, not fossil fuels. Ph: (02) 6277 7340 or (02) 6263 2111.
- > Request the Greenpeace Subsidies Action Kit. Contact Meg Ivory on (02) 9263 0379 for more information.

¹C Reidy, Energy and Transport Subsidies in Australia, Institute for Sustainable Futures, UTS, 2007. Available at: www.greenpeace.org/australia/resources/reports/climate-change

²In 2007, developed nations agreed to cut greenhouse gas emissions by 25 to 40% below 1990 levels by 2020. Greenpeace believes Australia's target should be at the upper end of this range, because of our historical role as a major per capita polluter and abundant renewable energy resources.

³National Greenhouse Gas Inventory 2005, Department of Climate Change website, www.greenhouse.gov.au/inventory/2005

⁴Australian Cost Curve for Greenhouse Gas Reduction, McKinsey & Company, 2008. Available at: www.mckinsey.com/client/service/ccsi/pdf/Australian_Cost_Curve_for_GHG_Reduction.pdf

⁵Op. cit. 1

⁶N Stern, Stern Review: Report on the Economics of Climate Change, Cambridge, University Press, UK, 2006.

⁷Greenpeace/Newspoll, Government Subsidies, Sydney, March 2008. Available at: www.greenpeace.org/australia/resources/reports/climate-change

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