

CARBON COUNTDOWN: THE TURNING POINT

As we move towards a low carbon economy our values will determine how far and fast we go, who benefits and who pays, and ultimately our future environmental security. It's a question of carbon ethics.

A MULTI-CONTRIBUTOR *ISSUES PAPER* COMPILED BY MURRAY HOGARTH AND JEFF ANGEL FOR THE TOTAL ENVIRONMENT CENTRE'S GREEN CAPITAL PROGRAM



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Introduction

When both major political parties embraced emissions trading as an essential climate change policy prior to the 2007 federal election, Australians began to debate in earnest how to convert our economy to low carbon. Now, over the next two years, we will be locking-in a course for a multi-decadal transition that will fundamentally affect our energy supplies, key industries, metropolises, rural land use and individual consumer behavior.

The national conversation about the emissions trading scheme is a debate we have to have. It is a test of what values we bring to bear in the battle to safeguard our environment, societal stability and future economic health. Implicitly, this means a fundamental readjustment of how the economy works and the allocation of short-term cost and pain – with the current plethora of business and community claims and studies reflecting a focus on transition.

For business, transition at the scale being proposed can raise genuine ethical and legal dilemmas. We are told the longer those who reap returns from the status quo can delay a redirection of investment funds and market returns to new green alternatives, the greater the future environmental risks and adjustment costs. Yet these established businesses do have responsibility – legal, fiduciary and ethical - to their shareholders and employees. But at the same time, if you move beyond this single perspective, those very same investors and people could suffer great losses in the future from accelerated global warming.

At some stage there has to be a turning point where a society and economy moves on from protecting the established order to embracing change and a new order. There are always risks in doing so, but also opportunities. There will be both winners and losers, and the pain-to-gain equation inevitably will fall unequally on different industry sectors, businesses, communities and individuals.

Many people and some businesses are taking action to reduce their carbon footprint, beyond the low 2020 targets now being talked about by nations, and Australia's Garnaut review. Should we take the soft route and leave the rest to voluntary action? Or does the alarm being sounded by scientists mean it is time for tough regulatory action? And what is the utility of Australia moving early, ahead of nations still resisting regulatory action, when it produces so little of the total global emissions?

In pragmatic terms, we are facing a short-to-medium term restructuring challenge. A time when the nation is being asked to bite the bullet to make a step change to a cleaner, better future; not dissimilar to how we pursued international competitiveness in the 1980s to set up a stronger, more resilient and productive economy for the long term.

So do we shy away in response to horror scenarios painted by some business groups? Do we treat environmental claims about extreme impacts with some scepticism and take our time? How do we find a path to tread? What values do we bring to bear and does it mean we demote those ethics that have, to date, brought us such a high standard of living and economic vigour? Can our political leaders rise to the challenge above the confusion of fractured national voices?

Choosing a path

This is an ethical fork in the road for the nation, as well as a major economic and environmental one. In such a situation, choosing the right path is inevitably a qualitative decision-making process as well as a quantitative exercise; subjective as well as objective. It's about a social vision that, as with similar historic points in our past, will fundamentally influence what we leave future generations.

The demand for big decisions to be made and acted on in the face of perceived significant uncertainties can always provoke apprehension, just as inaction can fuel frustration. But is there a moral imperative to act on climate change that outweighs all else? Can belief in values trump concern about dollar value, no matter how painful the current economic turmoil sweeping the world, when it comes to committing to decisive action like an emissions trading regime?

All of the economic and climate modeling in the world won't provide 100 percent certainty, with the hard calculus like the Garnaut review and recent Treasury modeling, representing a useful guide but no guarantee of eventual outcomes. As in many such situations, making decisions entirely based on empirical evidence isn't an option, which forces us to make judgments based at least in part on values.

For many, the key ethical questions now come down to timing and targets rather than whether to act at all. If change is too sudden it can polarise opposition, empower those who are fighting against action and ultimately delay or derail the transformation being sought. Conversely, on global warming of all issues, if we don't act or proceed too slowly, we condemn the world and future generations to potential climate catastrophe.

This publication

For its last series of events for 2008, the Green Capital program run by the Total Environment Centre (TEC) gathered leading figures from government, business and the community sector to discuss the ethical dimensions of our climate challenge.

The '*Carbon Ethics: Who wins? Who loses?*' events were created in partnership with the Southern Cross Climate Change Coalition, composed of the Australian Conservation Foundation (ACF), the Australian Council of Social Services (ACOSS), the Australian Council of Trade Unions (ACTU) and the Climate Institute.

This issues paper captures the positions of key participants in the events, including speakers and panelists. Each contributor was asked to provide approximately 500 words outlining their views, and reflecting the interests of their particular constituencies, on:

'The ethical case for business to act on climate change beyond mere legal compliance, and/or the positive opportunities that are on offer through beyond compliance action to mitigate or adapt to the climate challenge.'

You can read their contributions below.

YOUR MENU TO CHOOSE FROM OUR CONTRIBUTORS' ARTICLES

Click on the items below to go straight to the contribution you've selected:

- 1. The ethicist:** '... our motives may matter as much as our actions.' – Dr Simon Longstaff, CEO, the St. James Ethics Centre
- 2. The industry advocate:** 'Beyond compliance reduction in greenhouse gas emissions ... creates a competitive advantage for a firm.' - Michael Hitchens, CEO, the Australian Industry Greenhouse Network
- 3. The coal miners' union:** 'Along the way we will create millions of new jobs – in green industries, in new infrastructure and in transformed traditional industries.' - Peter Colley, National Research Director, CFMEU Mining & Energy
- 4. The community welfare sector leader:** 'The central ethical issue in the "diabolical" problem of climate change is fairness.' - Lin Hatfield Dodds, President, Australian Council of Social Service (ACOSS)
- 5. Two of our major financial institutions have their say:** 'Science can provide us with facts, but we also need a sense of values, justice, accountability and an understanding of what matters most to us, to help determine how we respond,' says one & the other: 'We support an emission reduction trajectory that strongly references the climate change science and minimises the amount of complexity and politicking.'
- 6. The deputy premier turned sustainability institute chair:** 'So we have to think through the sorts of changes that are coming to communities that rely on farming, coal, timber and old-style manufacturing, and put in place policies to help them adjust.' – John Thwaites, Brotherhood of St Laurence
- 7. The author and columnist:** '... mightn't it be just as effective and more honourable to legislate and tax, rather than fluff about trying to cap and trade.' – Elizabeth Farrelly, columnist and author, Sydney Morning Herald
- 8. The veteran green leader:** 'The companies calling for a soft start, saying it's too difficult and threatening to move offshore, have effectively given up on our natural icons.' – Don Henry, Executive Director, the Australian Conservation Foundation
- 9. The climate action campaigner:** 'In our view there are plenty of economic opportunities in taking action on climate change ... we can prosper from such a transition.' – John Connor, CEO, the Climate Institute of Australia

1. *From the desk of a philosopher* – Dr Simon Longstaff, CEO, the St. James Ethics Centre

One of the notable consequences of the recent debate about the causes and consequences of climate change has been that many advocates for change (including environmental groups) have abandoned arguments based on the idea that there may be ethical obligations owed to future generations, other species or even other people and instead, have embraced the patently effective strategy of appealing to self interest.

The Stern Report is, of course, the epitome of this approach – in which the relative costs of doing nothing (or delaying change) were seen as the 'trump card' in the pack of arguments. More recently, appeals have focused on the opportunities for

businesses to prosper by embracing change and making the most of a carbon constrained economy.

I actually believe that there is a wonderful commercial opportunity at hand for those who have the imagination and skill to seize it. However, is the appeal to self interest drowning out the rather quieter voice of conscience? What of the other ethical grounds that might exist as reasons for addressing the problem of global warming?

No doubt, those who advance the case for appealing to the self interest of individuals and corporations would say that their approach has one considerable advantage – it works. Yes, it does, but at what cost? For example, does it deaden our sensitivity to some of the real dilemmas that arise in the field of ‘carbon ethics’?

For example, what obligation might we have to those living in poverty if our efforts to abate or ameliorate our own carbon footprint cause them to suffer further disadvantage? What if there is no argument from self interest for helping to alleviate the additional burden that our increase in safety requires them to bear? What if self interest leads some to conclude that they can / should play the role of ‘free rider’ – in which they benefit from the positive initiatives of others while incurring none of the costs themselves?

The list of questions could go on ... and on. Yet, hopefully the point is made that appealing to self interest may work; but only as a short term measure, and only at a cost – an ethical cost – of some significance.

No doubt arguments based on respect for persons or a regard for the intrinsic value of other species will seem, at this time in particular, to be naive. However, I do not think it beyond the realm of possibility that individuals working for companies (and the companies themselves) might come to see that deeper ethical commitments have a legitimate role to play in shaping their activity – even if there is an occasional cost in their application.

Paradoxically, I suspect that those organisations standing for and acting for something more than self interest may end up being the most prosperous – not least because they inspire trust and creatively engage with the world in a way that allows them to recognise and seize opportunities that others, with different commitments, may not see. That is, our motives may matter as much as our actions.

2. *An industry perspective encapsulated* - Michael Hitchens, CEO, the Australian Industry Greenhouse Network

Some thoughts on the ethical considerations and positive opportunities for business in taking beyond compliance action on climate change:

- The ethical case for creating ‘compliance’ on greenhouse gas emissions is that it is a ‘bad’ (as distinct from a ‘good’).
- Beyond compliance reduction in greenhouse gas emissions, particularly indirectly via improvements in productivity (reduced use of capital, labour and intermediate inputs per unit of output), creates a competitive advantage for a firm.

- Market based systems of regulation of greenhouse gas emissions - that is those that put a price on emissions - create greatest incentive for beyond compliance action.
- Command and control regulation reduces the incentive for beyond compliance action. The higher the regulated 'standard' is set, the less room there is for entrepreneurial investment beyond compliance. The lower the 'standard' is set, the greater the risk that seeking advantage from moving beyond compliance will be regulated away before the 'early mover' return is achieved.
- Is there an ethical argument against profiting from beyond compliance action?
- Is there a case for creating 'compliance' for action on adaptation to climate change? Or is it the case, at least for firms, that those that fail to adapt to climate change will 'self select' by going out of business?

3. View from 'the coal miners' union', Peter Colley, National Research Director, CFMEU Mining & Energy

Carbon isn't evil, and neither are the people and communities who produce it and use it.

Carbon and carbon dioxide are among the primary building blocks of life on Earth. Every person breathes out CO₂, and most plants use it to grow.

But humanity is extracting a lot of carbon from beneath the Earth and we are pumping a lot of extra CO₂ into the atmosphere – and that is causing a catastrophe. A catastrophe we must mitigate and avoid if we are not to wipe out a large part of the Earth's ecosystems and make life difficult for much of humanity itself.

The fundamental ethical requirements are that we:

- Are far less wasteful in everything we do. In the case of climate change, it's primarily fossil fuel use, but we also have the problems of material wastage, of associated excessive mineral resource depletion and unnecessary environmental impact, of soil degradation, of water quality and availability – and so on.
- Transform our attitude to the atmosphere. Ultimately the dumping of our waste into the atmosphere must go from being our first resort to our last resort.
- Do not wait for either markets or regulations to force us to change our ways. While markets and regulations work, they are inevitably crude instruments.

We can and do fine people for littering, but it is not the fear of being fined that stops most people littering. It's because we know it is a disgusting abuse of our community and environment. Similarly, if someone is rich and can afford to pay high prices for electricity and water that does not justify wasteful high consumption.

If you buy Green Power, that's good. But using green power wastefully is still a waste of valuable resources. It's still requiring a turbine to turn that would not otherwise be needed. It's still making overall greenhouse gas targets harder to achieve if green power is being deployed to meet wasteful power consumption.

The CFMEU – the coal miners union – obviously works on the production side of things. But we have long recognised that our industry must be cleaned up. By that we don't mean phased out or abolished. We mean that the greenhouse gas waste stream from coal mining operations and coal mining use must be drastically reduced. Coal mining itself has to reduce its power use and fuel use, and its fugitive methane emissions. And the coal industry and power generators must put an enormous effort into reducing CO2 emissions from fossil fuel use through deploying Carbon Capture and Storage (CCS).

Most forecasts of world energy production and use for this century have fossil fuels continuing to play a major role, despite strong global warming response measures. The Stern Review for the UK Government said over 50% of energy use in 2050 would still come from fossil fuels. Therefore it is imperative that emissions from fossil fuel use be reduced through CCS.

In that context, it is not ethical for fossil fuel and power businesses, or those that are heavy energy users, to be spending their time arguing about deployment dates for emissions trading, and for compensation and the like.

Their primary effort should be towards reducing the greenhouse gas footprint of their industries as fast as technically and commercially possible. Markets – through emissions trading - will play a role in facilitating that. So will regulation – e.g. the renewable energy target and possible CCS targets. But business needs to “get ahead of the curve” – anticipate and respond to the shape of the future.

Along the way we will create millions of new jobs – in green industries, in new infrastructure and in transformed traditional industries. Responding to global warming could well be the catalyst for a new cycle of economic development arising from the ashes of the current financial system crisis.

The 2008 Worldwatch Institute and Cornell University green jobs study for the UN Environment Program shows how many tens of millions of jobs will be created in the drive to mitigate global warming. At a more local level, the recent report by Cambiar for the ACTU and ACF showed at least half a million new green jobs in Australia by 2030.

But simply aiming to make more money will not be a sufficient driver. A willingness to share responsibility for the future of humankind, of ethical policy and practice, is needed in addition to commercial responses.

4. A voice for the community welfare sector - Lin Hatfield Dodds, President, Australian Council of Social Service (ACOSS)

ACOSS is the peak council of the community welfare sector in Australia and the national voice for the needs of people affected by poverty and inequality. Our interest

in climate change, emissions trading and related issues is primarily the result of our interest in matters affecting low income, disadvantaged and vulnerable Australians.

Low income households and disadvantaged communities are likely to bear the impacts of climate change disproportionately. They are generally less well equipped to cope, adapt and move. Adverse impacts on the natural environment, employment opportunities and community resources are likely to fall most heavily on poorer individuals and areas, wherever they are.

The central ethical issue in the 'diabolical' problem of climate change is fairness. With the science that is available (including the economics), what makes for a fair response? This question raises diabolical problems of its own. What is the fair response intra-nationally, internationally and inter-generationally? ACOSS has called for decisive and swift action by the Australian Government to reduce domestic greenhouse gas emissions from industry and households and to work with the international community to reduce global emissions.

ACOSS has established as a principle that no group of low income households should be worse off as a result of climate change policies. More optimistically, ACOSS has suggested that all low income households should be better off. This may only be as a result of avoiding dangerous levels of climate change. However, the transition to a low carbon economy should provide opportunities for innovation, enterprise and employment. Low income households can contribute to climate change solutions.

ACOSS has called for government action in response to climate change in three key areas: a safety net to ensure that low income households are not worse off as a result of responses to climate change; improvements to residential energy efficiency; and guaranteed affordability of essential energy services (fair tariffs and appropriate concession arrangements). ACOSS supports the introduction of a Carbon Pollution Reduction Scheme (CPRS) as one measure in a suite of measures designed to mitigate and adapt to the now inevitable reality of climate change.

ACOSS has recommended, as a matter of principle, the Government should fully compensate low income households for cost increases attributable to the CPRS. This compensation should be paid through the social security and taxation systems and take account of the particular characteristics of various types of households.

ACOSS has also recommended the Government should ensure that cost increases resulting from the CPRS do not adversely affect the capacity of government agencies, non-government organisations and others to deliver services in support of low income households and the community at large.

If Government provides any 'assistance' to industry by way of mitigating the impacts of a CPRS, that assistance should in every instance be conditional to the extent of thoroughly documented assessment processes, efforts towards abatement as appropriate and a regime of monitoring, compliance and penalty.

In terms of public policy ACOSS, seeks to ensure that all government mandated responses to climate change are: evidence based; consistent and coordinated; transparent in design and operation, held accountable and thoroughly reported. The

benefits of any action should outweigh the costs and also outweigh the costs of inaction. Outcomes should be verifiable.

5. Financing for a low carbon economy – two top tier banks outline their positions

5a. Rosemary Bissett, Group Manager Sustainable Business Practices, Group Corporate Affairs, National Australia Bank

Climate change is one of the most significant environmental, social and economic challenges facing governments, business and communities today. It has been predicted by Intergovernmental Panel on Climate Change scientists that the effects of climate change will most likely result in the uneven distribution of harm and benefit across the globe and across business and society. What should and can we do as companies to fulfil our role in responding to climate change? More specifically for a bank – NAB is considering - what is the role of the finance sector? How can we help? What actions should we take?

We believe we need to take action – (i) to minimise our carbon footprint and (ii) so we understand what it is like for others to take action – whether they are an employee taking action at home, a customer investing in greenhouse emissions reductions, or a company considering how they may best respond in an emissions trading environment. This belief underpins our commitment to be carbon neutral by 2010 and our broader climate change strategy - in which helping our employees and our customers is a key focus.

NAB Group's climate change strategy has five key elements:

- Leading by example – establishing and minimising our carbon inventory, making our operations carbon neutral, publicly reporting progress and being involved in the debate and development of solutions to climate change. We have also set a target to reduce our greenhouse gas emissions by 33,000 tCO₂-e over the next two years.
- Engaging and helping our people – to take action on climate change and providing office energy and resource reduction and relevant volunteering activities.
- Understanding and supporting our customers – through advice, as well as developing product and service offerings for local markets.
- Building key partnerships – with a range of stakeholders, including suppliers, to help identify and implement solutions that assist our people, customers and communities to take action.
- Continuing to grow our understanding of climate risks and opportunities – to consider the impact of climate change in our lending decisions and other areas of relevant operational policy.

As governments respond to climate change with policy initiatives, including emissions trading, these will present many new business opportunities, change financing strategies and investment patterns, as well as influence day to day costs in our daily lives and business.

In considering these factors, carbon ethics will come into play for both individuals and companies, as we evaluate the actions we take in response to mitigating and adapting to climate change. Science can provide us with facts, but we also need a sense of values, justice, accountability and an understanding of what matters most to us, to help determine how we respond.

Carbon ethics raise a number of questions including the following:

- How do we create products and services to help people and business respond? Are our expectations of continuous growth and returns unsustainable?
- What is right and wrong in respect to behaviour as we develop understanding of the risks and opportunities presented by climate change? What measuring stick do we use to know and decide?
- What should we do about inequitable distribution of impacts to health, standard of living etc? How do we help those in low-income households and developing countries to manage?
- How do we ensure everyone has credible information to make decisions and take action on climate change?

These are the types of questions we must ask and find answers to as we make decisions and take action in response to climate change.

Further information on NAB's response to climate change is detailed in our 2008 Carbon Disclosure Project response. Refer to www.cdproject.net.

5b. Emma Herd, Director of Emissions and Environment, Westpac

Today, there is little doubt that climate change is one of the defining issues of our time. The science is telling us that in our lifetime, we are going to face sweeping environmental and climatic changes, with major environmental, economic, health and social justice impacts that will change the way we live our lives.

As a financial institution with relationships at all levels of society, we have a pivotal role to play in helping transition our customers, our employees and our community to a low carbon economy.

Westpac has been proactively tackling environmental issues for over 15 years, reducing our own emissions by over 40% since 1996 and using our skills and networks to promote greater understanding of climate change in the marketplace. We did so because we recognized that business has an ethical responsibility to manage all our social, environmental and economic impacts for a broad range of stakeholders.

But there is still much more we can do.

This year, Westpac launched our new Climate Change Position Statement: *Financing for a low carbon economy*. This statement includes our targets and objectives for the period 2008-2012 and clearly and transparently sets out what we believe and what we are advocating for in the current policy debate.

Having achieved significant and ongoing emissions reductions over the last twelve years, we are committing to a further 30% reduction on 2008 levels. Our strategy for

2008-2012 will include a number of policies, programs and performance measures, around five key areas of focus:

1. Minimizing Westpac's direct environmental footprint;
2. Managing climate risks and building capacity across the business;
3. Developing products and services that drive positive environmental outcomes;
4. Engaging employees around climate change issues and impacts; and
5. Communication and advocacy in the wider community

In commenting on policy, we have always advocated for an efficient, liquid and transparent carbon market with a smooth process of price discovery avoiding sudden market shocks in the early stages of the scheme.

We support an emission reduction trajectory that strongly references the climate change science and minimizes the amount of complexity and politicking.

We believe there is a case for adjustment support mechanisms to allow business and members of the community to transition into a carbon-constrained economy. However compensation measures should not undermine the integrity of the scheme or alleviate the impact of the introduction of a carbon price.

Similarly designing an ETS with a price cap, price ceilings or floors built in fundamentally undermines the functioning of the market by weakening incentives for market participants to pursue responsible and efficient trading behavior. As such we don't support the imposition of price controls.

We recognize that with climate change, the scale of the challenge mandates a collaborative approach. As a bank with relationships at all levels of the community, we believe that our ability to affect positive change is limited only by our imagination.

And while the challenges are daunting, in many ways, these changes could be for the better as we become smarter, cleaner and more efficient in how we run our economy. Emerging policy and market frameworks aimed at reducing greenhouse gas emissions will also provide many new opportunities for innovation as we seek to re-wire our economy to a low carbon future.

Further details of our climate change plan will be progressively available at www.westpac.com.au/corporateresponsibility

6. Analysing the impacts for low-income households – John Thwaites, Brotherhood of St Laurence

Climate change will affect us all, but low-income families will suffer the most.

Cost 1: temperature increases and extreme weather events

The first and most obvious cost will be that caused directly by changes in the weather.

Rising temperatures, especially extreme heat, will pose serious health risks, especially to the old, and those in housing with poor insulation. Poor households are unable to afford the cost of upgrading their homes and appliances and will therefore be most vulnerable.

Cost 2: The Carbon Pollution Reduction Scheme (CPRS) and prices

A carbon price is the major precondition for tackling climate change but it will have a disproportionate impact on low-income families.

Carbon costs consume a higher proportion of low-income household budgets. Poor family households spend 9.5 percent of their household budget on transport fuel, electricity and gas compared to 4.5 percent for wealthy families. This is despite the fact that low-income earners on average have a smaller carbon footprint than higher income earners.

The Brotherhood of St Laurence and KPMG have prepared a report that indicates that a \$30/t carbon cost will increase low-income household bills by \$564 per year on average. Some high-energy users will pay much more.

Cost 3: Regions and structural economic change

Some regions will be particularly affected either by climate change itself or structural change following introduction of the CPRS. So we have to think through the sorts of changes that are coming to communities that rely on farming, coal, timber and old-style manufacturing, and put in place policies to help them adjust.

The Solution

Low-income households cope will need some income support to cope with the price rises that result from the CPRS. But it is more important to make low-income households and communities part of the **solution** to climate change by helping them lower their emissions.

The Brotherhood of St Laurence/KPMG report has recommended a national energy efficiency program for 3.5 million households in Australia to be funded from the proceeds of the CPRS.

The program would provide a home energy audit and energy efficiency improvements up to the value of \$2,000 per household. The energy make-over would save low income families an estimated \$300 - \$470 each year, reduce greenhouse emissions and create up to 40,000 jobs across the country.

If climate change is going to be adequately addressed, social equity must be taken into account.

Unless it is, emissions will remain unnecessarily high, resistance to change will hold back action, and social inequalities will increase.

7. Reflections of a provocateur – Elizabeth Farrelly, columnist and author, Sydney Morning Herald

It is often argued - much as South Africa used to argue for keeping politics out of sport - that morality should be banned from the environment debate. This is seen to favour carbon-trading, as if the market were itself some sort of cleansing device, some sort of morality-free science. The flaws in this argument are many, and obvious when you lay it out like this, from the failure of scientism, and of the markets, both, to the pervasiveness of subjectivity and the perverse presumption that things are somehow cleaner in an amoral environment.

But the fundamental fallacy is this. We are, at our core, moral beings, driven whether we choose it or not by notions, however hazy, of right and wrong, should and ought, crime and punishment. Further, overwhelmingly and inescapably, climate change is the moral issue of our time.

It is a complex morality, ranging from individual response and responsibility (should I drive the kids to school this morning or let them walk and be late?) to global politics (is it acceptable that the poorest nations, despite having contributed least to climate-change-the-problem, will be *both* most affected by it and least equipped to survive it?)

The relationship, or power-balance, between individual and collective goods offers a third moral ground; the village green, so to speak, of politics in general, and of the climate change debate in particular. Production of greenhouse gases is an all but unavoidable condition of human existence, certainly of human civilisation, and because there is a 'safe' level of emissions – that is, a level of emissions that the atmosphere can process – some have argued that emissions themselves are not inherently wrong.

And yet, the issue is a classic tragedy of the commons; emissions generated at an individual or corporate level are sent into the collective atmosphere. So the moral issue becomes one of resource allocation: if some (say pre-1990) level of GHGs is acceptable, how should the right-to-pollute be apportioned around the planet?

Again, some have argued that this resource allocation nature suits the issue to a market model. But markets favour the wealthy, and in a global marketplace it can be expected that the rich countries, having already caused the problem, will energetically buy up pollution rights in order to sustain emission levels to which their publics are accustomed, leaving poorer countries out in the cold, and the drought, and the floods.

Further, we are currently witnessing just how catastrophically misguided markets can be. Is it really wise to entrust a matter of such shattering import to so faulty a device? And then there's the psychology of it.

There's the fact that commodifying the right to pollute de-stigmatises it, turning the payment from a fine (which has moral weight) into a fee. And this, given the intensely social and hierarchical nature of the human primate, surely removes one of the main disincentives, namely, shame.

And that's not all. If a carbon market is established and if (as governments hope) the pollution-price rises until it becomes a luxury good, this very fact makes pollution not only desirable but worthy of emulation – just as unhealthy obesity is a status symbol in parts of Pakistan - and so becomes directly counter-productive.

All of which would have to make you wonder whether, in this new Obama-led “spirit of sacrifice” world, mightn't it be just as effective and more honourable to legislate and tax, rather than fluff about trying to cap and trade.

8. *The environmental leader's ethical test.* – Don Henry, Executive Director, the Australian Conservation Foundation

A key ethical test for every influential person, business or organisation today is whether they are helping – or hindering – the effort to avert the climate crisis.

At ACF we call it the ‘icons test’. Are their actions enhancing the next generation's chance of being able to experience natural icons like the Great Barrier Reef and the Kakadu wetlands – or are their actions reducing our kids' chance?

That's what it comes down to. Some of our country's most treasured, iconic places are at risk unless we take much stronger action to tackle climate change. The fate of the Kakadu wetlands, the Murray-Darling Basin, our wine regions, the Wet Tropics, South-West WA, the Australian Alps and the Great Barrier Reef are directly linked to the targets to reduce greenhouse emissions we and the world set – and meet.

The UN's top climate scientists say for the world to have a reasonable chance of avoiding global warming of more than 2°C (the widely-accepted threshold of ‘dangerous climate change’ and the tipping point for some of our natural icons), developed countries, as a group, will need to reduce emissions by at least 40 per cent by 2020.

That leaves Australian businesses with a great ethical responsibility to work towards and advocate for substantial cuts to Australia's carbon pollution. Companies like Woodside and Rio Tinto and lobby groups like the Business Council of Australia and the National Generators Forum have been actively trying to block, delay and water down Government moves to rein in carbon pollution. The companies calling for a soft start, saying it's too difficult and threatening to move offshore, have effectively given up on our natural icons. They are pushing a deeply unethical line in the current debate.

Recent analysis by financial analysts Innovest shows that billions of taxpayers' dollars in free carbon permits will go to emissions intensive companies under the current design for the carbon pollution reduction scheme. Mining behemoth Rio Tinto stands to gain the most under the arrangements outlined in the Government's green paper, with the company expected to collect around \$489 million in assistance, per annum.

It is unfair that the big polluters should hold to ransom our special Australian places. The realities of climate change have not suddenly appeared in the last few years. Polluting industries that have spent a decade doing little or nothing to prepare for a

carbon-constrained economy should not get a free kick from the emissions trading scheme. If Australia's scheme is not robust and comprehensive, the financial burden will unfairly fall on small businesses, the poor and the most vulnerable. Without a strong target to cut emissions by 2020 the trading scheme simply will not do what it is supposed to, it will not hold warming to less than 2°C and it will not save our great natural icons.

The silent majority of Australian businesses that have more to gain from action on climate change but that have not weighed into the public debate must speak up in support of strong action. If they remain mute, the handful of big polluters will be the only voices heard.

As ACF's president, Professor Ian Lowe, said in an address to the National Press Club in 2006, "Working for [a sustainable future] is our moral duty to the countless millions of other species that we share this planet with, and the future generations for whom we hold it in trust."

9. The specialist climate campaigner's vision of opportunity. – John Connor, CEO, the Climate Institute of Australia

As the Prime Minister and many others have said, human induced climate change is one of the greatest moral challenges of our time. With human lives already at risk and hundreds of millions more threatened with premature death or dislocation, species extinction, more intense storms and bushfires and damage to social and natural infrastructure, the consequences are multiple and multiplying. So too are the causes of human induced climate change. Human economies are not only radically altering the carbon dioxide balance in the atmosphere, they are contributing synthetic greenhouse gases never before present. All human-induced emissions come from virtually all sectors of economic activity and also are impacted by past public policy and infrastructure decisions such as massive investment in centralised coal-fired power systems, prioritising road over rail and institutionalised lethargy when it comes to energy efficiency standards and practices.

The current financial crisis has been described as a 'triumph of the short term' allowing undetected, unmitigated risks to grow and explode with the rolling shock waves only just beginning to buffet global and local economies. We cannot allow carbon pollution to be an arena of policy and economic decision making in which known and barely imagined risks grow under further triumphs of the short term over the long term.

Much of business now professes to take the science of climate change seriously but many clearly don't heed the urgency of the message at all – a dramatic ethical disconnect. Business voices advocating soft starts on climate change or indeed that Australia be amongst the first to pull the plug on international negotiating ambitions of keeping global greenhouse gases at 450 parts per million (ppm) or below, need to explain whether this is because they disagree with the science or whether it is because of other short term interests. Let's be clear there is validity in concerns about the transition and *how* we do it, there should be less questions about *whether* we go for the reductions of at least 25 per cent off 1990 (or 2000 – in Australia they are roughly the same) levels by 2020.

Ultimately we need to re-examine how public policy and economic decision-making can better integrate long term and socially cost effective decision making within their systems. This needs clear, credible and publicly accountable targets for carbon pollution reduction but also other reforms which better integrate the long term assessments within investment and other economic decisions. The Climate Institute has joined with the Australian Institute of Superannuation Trustees to gauge the extent to which Australia's major asset holders are integrating such decisions or are institutionally allowing decisions to default to short term imperatives. This is but one area where carbon ethics and accountability need much greater scrutiny and opportunity for expression.

In our view there are plenty of economic opportunities in taking action on climate change and so we should be seeking, as the NSW Government's current consultation does, to focus on how we can prosper from such a transition. As we deal with the current crisis and with investment funds tough to find, or cautious in delivery, then we need to look very closely at government and economic decisions to ensure a transition to a less polluting, more efficient economy in a way that grows jobs and addresses head on the equity implications of this transition.