

MAY, 2012 SEMINAR

MIRIAM LYONS

SUSTAINABLE ECONOMIES

The May seminar on sustainable economies was addressed by Miriam Lyons, the Executive Director of the Centre for Policy Development. Miriam said that decisions are made on economic grounds in Australia so economic arguments are needed to be used to forward issues, including green issues. With the green economy it is needed to point out that we are using what nature has provided and that it is free, and that we need to ensure air and healthy oceans for economic reasons as well as for environmental reasons. If we want to protect regions, show the benefits of doing so; show the advantages of sustainable development even for those who don't care about the environment. The world economy is at present on a collision course with the earth's natural limits. It needs to be recognised that we can't take out more than can be replaced. The way we live today seems to witness that we consider the environment is worth less to the future than it is to us today. What we actually need to do is to leave the environment better than we found it. We have to live in a sustainable and fair way.

Australia's GDP makes it the world's thirteenth largest economy. But GDP, as presently measured, is not a realistic indication of the real situation because items such as repairing a window broken in a burglary is included, but all volunteer services are excluded, as is the worth of healthy water. Those resources which are under-priced are over exploited. China and India are just following our example of exploiting the environment.

The demand of an expanding population plus increasing personal demand is pushing up the price of natural resources e.g. food and the things needed to provide it.

Australia's economy has an environmental footprint well above the world average and Australia is the only one of the G20 countries whose emission of CO2 has increased since 1995. As the price of resources rise, those who can produce goods using fewer resources will be better off. Australia is half as efficient as other countries. Our agricultural exports are vulnerable to climate change, as is our domestic housing because so much of it is near oceans and rivers. Australia is exposed to fluctuations in global oil prices because we are not self-sufficient and because of the lack of public transport, our long distances and the need for oil for our agriculture. Mining is causing problems for manufacturing and for the broader economy. Even with mining, as renewable energy becomes more efficient, that could lead to a drop in demand for our coal, and investors may become more wary about putting funds into coal.

Opportunities: There are opportunities that can lead to benefits. The health cost of air pollution is approx. \$2.6 billion a year in Australia (\$52 billion a year in Europe). There are opportunities for better urban design, better land management and the preservation of greater bio-diversity.

Australia has certain strengths such as the sun, engineering expertise in many areas (solar, water, agriculture) and a low Government debt.

We need to optimise our use of resources and minimise our waste. Carbon pricing and water pricing will help to ensure these resources are used efficiently. To this end we need to remove subsidies for fuel use. There is the need for policies to help each sector to adjust to new requirements. But there is also the need for a moratorium on the development of heavy polluting industries because once built there is long turn-over period for much of this infrastructure.