

Bush Gives Howard a Green Light

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Australian Financial Review 2nd April, 2001



The Commonwealth Government has a ready opportunity to fill the \$185 million hole in its budget as a result of the backdown on beer excise. President Bush's rejection of a greenhouse treaty offers Australia a heaven-sent opportunity to avoid needless expenditure. Following the US decision, the Government can rein-in its fastest growing and most socially wasteful area of expenditure---that on the Australian Greenhouse Office (AGO).

The office had a major fillip in its budget as a result of the minority parties in the Senate requiring ideologically driven expenditures as a price for their support of the GST. This required a Prime Ministerial commitment to \$400 million additional funding for greenhouse over the next four years. Reflecting this, the AGO's budget for 2000/2001 shows a massive increase to \$230 million.

The AGO itself has enjoyed one of the fastest increases in staffing of any agency in Canberra. It now has 165 staff. And, though the agency has more than its fair share of fanatics, the staff are not operating on a labour of love. Indeed, it has one of the highest average wage bills in Canberra and last year no less than 6 of its 136 officers earned more than \$140,000.

ATO provides seed money that diverts scarce scientific resources from agencies like CSIRO and the Bureau of Meteorology into research of little value. It is the financier of a range of marginal value activities including subsidies to solar energy, wind farms and photovoltaics. But the waste that the AGO has generated is only the imperial topping of a vast apparatus of officials, studies, grants and international travel that stems from government departments in Canberra and at the state level.

Under Labor, Australia dug a hole for itself in eagerly embracing the greenhouse myth, an embrace that was continued by the present government. European governments are comfortable with reducing CO2 emissions. The changing structure of their energy industries makes this possible---and foisting such policies on other countries offers a prospective competitive advantage. Not so for Australia. For all the puffery about the dotcom economy, Australia cannot jettison its low cost energy in pursuit of the mirage of low cost renewables. We are a resource and agriculturally rich nation that requires competitive priced energy for added value activities.

And let us not forget, the greenhouse gas theory of global warming remains far from proven---indeed satellites offer the only accurate records of global temperatures and these show no increase over the twenty three years that they are available. Moreover, even if the global warming theory has substance, the measures proposed at Kyoto would have only a trivial effect on global temperatures.

Notwithstanding the universal rejection of the Kyoto Treaty by the US Senate, as with Clinton a Gore Administration would have maintained funding of greenhouse activities. There are just too many supporters of the Democrats among the greenhouse believers for a Democrat Administration to cut off the funding tap. Bush is able to show leadership. He has started the process of abandoning the whole exercise.

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