

Embargo: 9am 11 February 2019

REDUCING GREENHOUSE GAS EMISSIONS - OPTIONS ABOUND

Media are welcome to register and attend and press releases are available on request. The [program is online](#). Please contact [Cathy Reade](#) 0413 575 934 for releases or to arrange attendance or interviews.

The Organisation for Economic Co-operation and Development says Australia is not on track to meet its Paris agreement targets for reducing greenhouse gas (GHG) emissions. The 2018 Emissions Gap Report released in November by the UN Environment Programme warned that global emissions have hit a historic high and that Australia's emissions on current trend are projected to "remain at high levels rather than reducing in line with the 2030 target".

Professor John Freebairn, one of Australia's most eminent economists and Ritchie Chair in economics at the University of Melbourne, will discuss details in the design of, and the pros and cons of, different policy options to reduce or mitigate Australia's GHG emissions when the world's leading economists meet for the 63rd Annual Conference of the Australasian Agricultural and Resource Economics Society (AARES) from 12-15 February at the Convention Centre.

"There are a number of different approaches to reduce GHG emissions, including tax, emissions trading scheme (ETS), regulation and subsidy policy options," says Professor Freebairn, who will be presenting the 2019 Keith Campbell Distinguished Lecture.

"GHG emissions are a very challenging economic policy problem and the task of them requires inducing decision changes across all businesses and households," said Professor Freebairn.

"Placing a price on pollution using an explicit tax or an ETS has many advantages provided a comprehensive base of the direct emissions is adopted. Internalising the costs to society of GHG emissions provides incentives and rewards for both the direct and indirect decision changes to reduce pollution at lowest cost. Most of the government revenue windfall from this should be recycled to households as lower income taxes and higher social security payments for reasons of equity and to minimise distortion costs of other taxes."

"Regulations and subsidies to reduce GHG emissions, on the other hand, face several problems in their implementation and cost effectiveness in reducing pollution, and they provide no revenue windfall for government," he said.

"Clearly there are many design options, and devil in the details, of a tax or ETS, but choices abound for Australia to implement and meet its global commitment to reduce greenhouse gas emissions," he concluded.

The AARES conference theme is *Dynamic Change in Agriculture and Resources*, and it aims to promote interest in and understanding of the current economic issues affecting primary industries, resources and the environment.

- ENDS -