

The age of the entrepreneur

THE release of Professor Ross Garnaut's interim report in March 2008 will perhaps be seen in years to come as the unfurling of the standard for a generation of new entrepreneurs - in business, the community and most definitely in government.

The changes Professor Garnaut articulates are profound and signal a future that is not simply an incremental amendment to the past. It poses questions that can only be answered by thinking in new, exciting and entrepreneurial ways.

Joining Sir Nicholas Stern and the Intergovernmental Panel on Climate Change (IPCC), Garnaut reminds us that not only is climate change real and imminent, but its consequences may be worse than we thought. Greater than expected worldwide economic growth coupled with an increase in energy use means emissions are tracking at the top end of IPCC scenario estimates.

This means that stabilisation of carbon dioxide at an atmospheric concentration of 450 parts per million (ppm) "would require dramatic and immediate changes in global emissions".

Let's not forget this level of stabilisation could lower water flows in the Murray Darling by up to 25 per cent, see bleaching of the Great Barrier Reef between 60-80 per cent each year, and provide the potential for the Greenland Ice Sheet to begin melting irreversibly.

Garnaut notes the long-term cuts of 60 per cent governments are now agreeing are in line with this target, but raises an important point: under at least one post-Kyoto international agreement scenario (the idea of "contraction and convergence" — ie per capita emissions in the developed world fall as those in the

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developing world rise), Australia's per capita emissions would need to come down by 90 per cent by 2050.

Let's not kid ourselves: we are talking about the most profound changes imaginable to our energy systems, our use of resources and our relationship to the environment. It means massive change for businesses, households and industry; in our patterns of consumption of resources, the way we eat and travel, the way we work, and the way we live.

Amazingly, it is really only over the past five years that climate change has moved from being an issue of social and environmental policy to being the hottest topic for economists. The design of market systems to deal with and apportion emissions is now the domain of the economic and financial entrepreneurial sectors. There has been an extraordinary amount of thinking — and groundbreaking practice — into the development of environmental markets since the early 1990s, from carbon emissions trading (the former prime minister's taskforce, the states and territories National Emissions Trading Taskforce, and now the Garnaut Review itself) through to more practical exercises in market creation such as the NSW Environment Protection Authority's tradable emissions permits regarding water pollution and the Victorian Government's biodiversity auctions.

Coupled with this new and entrepreneurial approach to environmental governance, the

more progressive elements of the private sector have also been responsive: every corner you turn there is a new product, a new way of minimising the carbon footprint, a new community activity or way of engaging citizens or businesses to effect change. The finance sector, in seeking to ameliorate risk, is developing new approaches to thinking about environmental issues.

Garnaut discusses the crucial question of technology and innovation at some length in his report, looking at the nexus between economic "pull" and technology "push" in seeing new technologies move along the continuum from research and development through to demonstration and commercialisation.

Through all of this, entrepreneurs in the community have been active in climate change for years and are now coming into their own. In every city of Australia there are local activists working at the council level, at the street and suburban level, mobilising people around a climate change future and use of resources. Because while changes in markets and technology are important, they are ultimately underpinned by changes in behaviours and our responsibilities as citizens.

As Ross Garnaut states: "It is clear ... that Australia has the capital, human and natural resources to do relatively well within an ambitious international mitigation effort." I would also add this: if Australia also adopts an entrepreneurial mindset by truly embracing change and unlocking people's capacity to innovate and make change happen.

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