

The Impact of Climate change on average families

Dr Richard Denniss

How many legs does the average Australian have?

- About 1.9999
- Important to distinguish between average experience and actual experience

How will climate change effect average families

- Higher temperatures and increased intensity of storms
 - More expensive insurance
 - Increased energy demand, esp. air conditioners
 - Higher and more volatile prices for fresh foods
 - Greater health costs due to the southern spread of tropical and water borne diseases
 - Increased public spending on infrastructure

The most vulnerable regions

- Cairns and the Great Barrier Reef
- Murray Darling Basin
- South-west Western Australia

	Impact of Climate Change	Potential costs
Livestock industry	Large areas will experience lower rainfall and more drought events to reduce pasture growth.	\$8 billion export earnings annually
Annual crops (fruit and vegetables)	Climate change will adversely affect the viability of this industry.	\$2 billion export and domestic earnings annually
Perennial Horticulture	Higher water demand and costs. Regions to be affected economically; Riverina and Goulburn Valley	\$2 billion
Annual Broad acre Crops	Marginal areas will be impacted	\$8 billion export and domestic annually
Fishing	Australia's single largest fishery, \$260 million western rock lobster, could be jeopardised	Gross \$2.3 billion pa, most exported
Tourism	Impacts on major ecological sites. Weather patterns could affect major tourism destinations; Gt Barrier Reef; Shorter snow seasons; rainforests	Output \$32 billion. Accounts for 5.7% of total employment and 11.2% of exports
Increased droughts		Cost of 2002-03 drought \$6.6 billion
Increased bushfires	Bushfires tend to occur during periods of prolonged dry spells	23 bushfires between 1967 and 1999 cost \$2.5 billion

Higher energy costs

- Rising world demand will increase energy costs
- Policies to ameliorate climate change will further increase energy costs
 - Higher petrol prices
 - Higher electricity prices
 - Increased road user charges
 - Important to distinguish between price and policy effects – tax is a redistribution

Average Australians?

	Quintile					Avg.
	Lowest	Second	Third	Fourth	Highest	
Mean gross household income per week \$'s	263	555	930	1,385	2,512	1,128
% who rely on government pensions for main source of income	81.6	47.3	6.4	1.1	0.2	27.4
% who live in rental properties	34.2	31.0	32.9	22.8	16.6	27.5
% who live by themselves	62.9	27.6	22.9	10.0	3.3	25.4
average size of household	1.5	2.2	2.6	3.0	3.4	2.5

How much do services cost?

Quintile \$'s
per
week

	Lowest	Second	Third	Fourth	Highest	Avg
Water and sewerage	3.71	4.48	5.77	6.84	9.12	5.98
Electricity, gas, heating oil and wood	16.24	19.82	23.12	25.24	31.21	23.12
Purchase of motor vehicle	17.42	26.21	43.54	65.62	87.02	47.94
Petrol	13.1	22.06	30.25	37.31	45.92	29.72
Public transport fares	1.21	2.34	4.04	4.63	7.35	3.91

Relative spending on petrol

	Quintile					
	Lowest	Second	Third	Fourth	Highest	Avg
spending relative to average household expenditure	44%	74%	102%	126%	155%	100%
proportion of income spent on fuel	5%	4%	3%	3%	2%	3%

Its not all bad news

- Australians got \$25 billion richer last year
- Higher taxes on energy and water mean either lower taxes on income or better quality services
- Lower rates of growth do not mean declining standards of living