



Australia's Low Pollution Future Fact Sheet

The advantages of early action

The report presents a compelling case for Australia to take early action. It shows that economies that defer action lock-in emission-intensive infrastructure, and miss the opportunity of attracting early investment which supports low-emission technologies and processes.

The early mover advantage

There are advantages to Australia acting early if emission pricing expands gradually across the world. Economies that defer action face higher long-term costs, as global investment is redirected to early movers.

The modelling suggests that economies that act early face lower long-term costs: around 15 per cent lower compared to a world of coordinated global action.

In contrast, economies that defer emission pricing become relatively more emission-intensive, so that when a global emission price is eventually introduced they face even higher costs.

Delay increases costs

Delaying mitigation action in the global economy will increase climate change risks, lock in more emission-intensive industry and infrastructure, and heighten distortions associated with trade-exposed industries. This will increase the cost of achieving any given environmental goal.

In a sensitivity analysis where global mitigation action is delayed by seven years, global costs as a share of gross world product are about 10 per cent higher in 2050, and remain higher for the rest of the century.

Early global mitigation reduces long-term costs. Early action allows individuals and firms to plan their adjustment pathways and better manage changes in skills acquisition and capital stocks.

In the face of uncertainty, strong coordinated global action also has an insurance benefit: it keeps open the option of pursuing lower stabilisation levels in the future.