

Climate Change Brief

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Hawker Britton

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## Introduction

Climate change has continued to feature prominently through 2010 as a political and policy issue on the Australian political landscape. This will continue into 2011, with the Australian Greens to assume the balance of power in the Senate on 1 July 2011 and the Federal Government recently committing to the introduction of a carbon price.

Hawker Britton has prepared the following Occasional Paper on the politics of climate change as a summary and guide to navigating the intricacies of this important policy area.

### 1) Recent politics of climate change policy in Australia

#### a) Pre-2007

There has been a long-standing recognition in Australian politics of the need to reduce carbon and greenhouse gas pollution.

The Liberal Party adopted a policy in 1990 to reduce Australia's greenhouse pollution by at least 20% by the year 2000, with bigger cuts in a shorter time frame than proposed by the Australian Labor Party at the time. That 20% emission reduction target was a commitment that John Hewson retained as leader of the party in the early 1990s. This changed when the Howard government came to power in 1996, with the Howard Government jettisoning the Liberal Party's plans to set emissions targets. The Howard Government actively sought the input of heavy polluters as participants of the official Australian delegation to the Kyoto Protocol negotiations in 1997. At the conclusion of the negotiations, Australia was one of only three advanced countries (together with Iceland and Norway) permitted to increase its emissions. By 2012, Australian carbon emissions were to be no more than 8 percent above their 1990 level.

The final Kyoto agreement contained the so-called "Australia clause", which authorised Kyoto signatories to include net carbon emissions from land clearing as part of their targets. Australian land clearance rates in 1990 significantly higher than the historical average, due particularly to extensive land clearing in Queensland. In that year, 675,000 hectares were cleared, adding over a million tonnes of carbon dioxide to annual emissions. As the rate of land clearing returned to its usual level after 1990, Prime Minister Howard could claim a reported reduction in carbon emissions even as the major polluters expanded their operations.

The Howard Government established the Australian Greenhouse Office (AGO) in 1998 as a separate agency within the environment portfolio to provide a whole of government approach to greenhouse matters. The AGO was responsible for coordinating Australia's action to address climate change, and in 1998 it released the [National Greenhouse Strategy](#). The Strategy recognised climate change was of global significance and that Australia had an international obligation to address the problem of man-made climate change. In 2000 the Senate Environment, Communications, Information Technology and

the Arts References Committee conducted an inquiry. The final report from that inquiry was entitled [The Heat is On: Australia's Greenhouse Future](#).

The AGO was also responsible for the energy star (<http://www.energystar.gov.au>) and energy rating (<http://www.energyrating.gov.au>) mandatory programs for buildings, domestic appliances and industrial equipment.

On 10 December 2006 Prime Minister Howard announced the establishment of the joint government-business Task Group on Emissions Trading. The Task Group released an Issues Paper on 7 February 2007 providing the context for the work to be undertaken and setting out some of the relevant issues and questions for public comment. The final [Report of the Task Group on Emissions Trading](#) was intended to contribute to the development an emissions trading scheme as part of delivering least-cost reductions in greenhouse gas emissions. The Report outlined the contemporaneous state of play in international cooperation on climate change and the possible development of emissions trading at the global level. Against this background, the Report outlined a proposed Australian domestic emissions trading scheme, together with a set of complementary policies and measures that would “enable Australia to position itself for international developments while maintaining economic growth and safeguarding competitive advantage”.

## **b) Garnaut Climate Change Review**

When Kevin Rudd became Leader of the Opposition in December 2006 he renewed focus on the importance of addressing the causes of climate change. Commissioned jointly by the Leader of the Opposition and State Premiers, Professor Ross Garnaut was asked to prepare a review on the implications of climate change on the Australian economy and to propose mechanisms to help address and adapt to the consequences of climate change.

Professor Ross Garnaut released the *Garnaut Climate Change Review* on 30 September 2008. In his address to the National Press Club, Professor Garnaut argued that despite the uncertainty of the science of climate change and the costs of mitigation, it is essential that Australia establish a carbon emissions trading scheme to avoid dangerous climate change and ‘buy some time’ for further research and technological advances.

According to Professor Garnaut, it is important that the policy framework:

- Is broad enough to reduce carbon emissions to a level to avoid dangerous climate change.
- Is large enough to keep open better options for avoiding high risks.
- Is designed well enough to achieve its limited goals at low cost.
- Builds confidence that international cooperation is possible in this difficult area.
- Encourages and allows time for the accumulation of the knowledge to reduce uncertainty about the science and about the costs of mitigation.

The Report links the central recommendation on targets and trajectories to comprehensive global agreement because:

- International agreement is urgent and essential.
- Agreement is possible if Australia and other countries attach enough importance to it.
- It sees this as the only way to completely remove the political economy risks to Australia and the global trading system of payments to trade-exposed, emissions-intensive industries.
- The lower Australian mitigation costs with which it is associated allow more ambitious reductions in emissions.

The Report outlined two key strategies. The first is for the 'transition period' until the Kyoto Agreement expires in 2012; the second is for the post-Kyoto period.

### *Transition Period- Fixed Price Emissions Trading Scheme*

The Kyoto Agreement ends in 2012, and Australia is set to meet its commitments comfortably. Professor Garnaut explained that the period to 2012 should be considered a transition period, in which the emissions trading scheme is established. Professor Garnaut argued that during this transition period, permits should be sold by the independent regulatory authority at a fixed price of \$20 per tonne in 2010, rising each year by 4 per cent plus the percentage increase of the consumer price index. This price is modelled on a global agreement directed towards stabilisation of global greenhouse gas concentrations at 550 parts per million (ppm). According to Professor Garnaut, this system would avoid any unproductive interaction between the early period of a new trading scheme and global negotiations and would provide a less anxious environment for implementing the globally efficient approach to assistance to trade exposed industries.

### *Post-Kyoto*

According to Professor Garnaut, Australia's target should be to reduce emission net of international trading by 10% from 2000 levels by 2020 (30% per capita), and 80% by 2050 (90% per capita). This is a reduction of 17% from the levels that are expected in 2012, at the end of the Kyoto period. A binding international commitment to the 2020 outcome could be made within the context of, and conditional on, an effective global agreement that is designed to stabilise global concentrations of greenhouse gases.

The Review considered two global mitigation scenarios contingent on a binding international agreement:

- The 550ppm scenario: the world stabilises the concentration of greenhouse gases in the atmosphere at 550 ppm. Permits would no longer be sold by the authority at fixed prices, but will rather reflect the price of carbon in the global market.
- The 450ppm scenario: the world stabilises the concentration of greenhouse gases in the atmosphere at 450ppm. The Review concluded that the global goal of 450ppm is not possible at this time unless international developments change significantly.

Professor Garnaut argued that in the event the Copenhagen negotiations failed and a comprehensive agreement on global emissions could not be reached, Australia should maintain an emissions trading scheme, but continue with the fixed price of the transitional period, until an international agreement is concluded or until 2020.

## **c) 2008 Government White Paper**

On 15 December 2008 the then Prime Minister Kevin Rudd released the Government's Climate Change White Paper, *Carbon Pollution Reduction Scheme: Australia's Low Pollution Future*. The White Paper confirmed that the Rudd Government, consistent with its elections promises in 2007, was committed to establishing a carbon trading scheme on 1 July 2010 and to meeting its long-term target of a 60 per cent reduction in greenhouse gas emissions from 2000 levels by 2050. The White Paper sets out Australia's medium-term national targets to reduce greenhouse gas emissions by between 5 per cent and 15 per cent below 2000 levels by the end of 2020. The top of this range (5 per cent below 2000 levels) represents a minimum unconditional commitment to reduce emissions by 2020, irrespective of the actions by other nations. The bottom of this range (15 per cent below 2000 levels) represents a commitment to reduce emissions in the context of global agreement where all major economies commit to substantially restrain emissions and all developed countries take on comparable reductions to that of Australia.

The White Paper stated that it is in Australia's national interest to achieve a comprehensive global agreement to stabilise atmospheric concentrations of greenhouse gases at around 450 ppm of carbon dioxide equivalent. In the event that a comprehensive global agreement were to emerge involving emissions commitments by both developed and developing countries that are consistent with long term stabilisation of atmospheric concentrations of greenhouse gases at 450 ppm CO<sub>2</sub> or lower, the Government claimed to be prepared to establish Australia's post-2020 targets in line with achieving the agreed goal.

#### d) CPRS Legislation

On 10 March 2009 the Government released the exposure draft of the *Carbon Pollution Reduction Scheme Bill 2009*. In response to feedback by stakeholders, the Government announced new measures for the CPRS on 4 May 2009, including a July 2011 start date for the CPRS, a fixed price for carbon permits for the first year and a target of 25 per cent reduction of 2000 levels by 2020 if the world agrees to an ambitious global deal to stabilise levels of CO<sub>2</sub> equivalent in the atmosphere at 450 ppm or lower.

The Government's CPRS legislative package included eleven Bills:

- [Carbon Pollution Reduction Scheme Bill 2009](#)
- [Australian Climate Change Regulatory Authority Bill 2009](#)
- [Carbon Pollution Reduction Scheme \(Consequential Amendments\) Bill 2009](#)
- [Carbon Pollution Reduction Scheme \(Charges — General\) Bill](#)
- [Carbon Pollution Reduction Scheme \(Charges — Excise\) Bill](#)
- [Carbon Pollution Reduction Scheme \(Charges — Customs\) Bill](#)
- [Customs Tariff Amendment \(Carbon Pollution Reduction Scheme\) Bill 2009](#)
- [Excise Tariff Amendment \(Carbon Pollution Reduction Scheme\) Bill 2009](#)
- [Carbon Pollution Reduction Scheme \(CPRS Fuel Credits\) \(Consequential Amendments\) Bill 2009](#)
- [Carbon Pollution Reduction Scheme \(CPRS Fuel Credits\) Bill 2009](#)
- [Carbon Pollution Reduction Scheme Amendment \(Household Assistance\) Bill 2009](#)

#### *Passage of the CPRS bills through parliament*

The CPRS Bills were introduced to Parliament for the first time on 14 May 2009. They passed the House of Representatives, and the Senate adjourned consideration until August 2009. In the interim, the Coalition and Senator Xenophon commissioned a report from Frontier Economics to consider the CPRS, its costs, and alternative schemes. On 24 July 2009 the Leader of the Opposition, Malcolm Turnbull, released a statement clarifying the Coalition's position on the proposed CPRS. The statement outlined nine issues that the Opposition wanted addressed before they would agree to vote for the Bill.

In June 2009, the Government released important details of how the emissions-intensive trade-exposed assistance program, established by Part 8 of the Carbon Pollution Reduction Scheme Bill 2009, would work in practice.

- [Carbon Pollution Reduction Scheme Regulations 2009](#)
- [Commentary on the exposure draft regulations](#)

The Government sought input from stakeholders, with a particular focus on the compliance burden imposed by the program, and whether there were likely to be any unintended outcomes by the application of the rules-based approach of the program.

On 10 August 2009 Mr. Turnbull and Senator Xenophon released a report by Frontier Economics 'The economic impact of the CPRS and modifications to the CPRS'. The report is available [here](#). On 13 August 2009 the Coalition, the Greens and Senators Xenophon and Fielding voted down the eleven CPRS Bills.

The Government reintroduced the CPRS (No 2) into the House of Representatives on 22 October 2009, and passed on 16 November 2009 (13 November being the earliest the bills could again be passed under the 3 month Constitutional waiting period). The CPRS No 2 was sent to the Senate on 17 November 2009. On 24 November 2009, after significant negotiation, the Federal Government publicly released a series of proposed amendments to CPRS No 2 (CPRS No 3). These amendments were expected to be passed by the Senate; however a leadership spill within the Liberal Party, largely due to dissent over the CPRS, resulted in Tony Abbott assuming leadership of the Coalition parties on the day of the Senate vote. Mr Abbott announced that the Coalition would seek to have consideration on the CPRS No 2 deferred until the Senate reconvened in 2010, or otherwise reject them outright. On 1 December 2009, the CPRS No 2 was rejected outright by the Senate. This gave the Federal Government the trigger to call for a double dissolution.

The resumption of Parliament on 2 February 2010 saw the Government reintroduce the CPRS legislative package into the House of Representatives. The package passed the House of Representatives (including with support from Malcolm Turnbull) but was delayed in the Senate. The Government announced in April 2010 that it would not pursue the emissions trading scheme, but would instead review its position at the end of the Kyoto agreement in 2012 in the light of global actions.



i. **Timeline**

Date	Details
12 February 2008	House of Representatives convened for the first time in the 42 <sup>nd</sup> Parliament.
14 & 28 May 2009	11 CPRS Bills introduced in the House of Representatives.
4 June 2009	Bills (with some Federal Government amendments) passed by the House of Representatives.
15 June 2009	Bills introduced into the Senate.
13 August 2009	All Bills voted down by the Senate.
22 October 2009	Bills reintroduced into the House of Representatives.
13 November 2009	End of the Constitutional 3 month waiting period required before the Bills could have been passed again by the House of Representatives.
16 November 2009	Bills passed by House of Representatives.
17 November 2009	Bills reintroduced into Senate.
24 November 2009	Federal Government releases proposed amendments negotiated with the Opposition.
1 December 2009	Malcolm Turnbull replaced by Tony Abbott as Opposition Leader. Abbott announces that the Coalition in the Senate will seek to have consideration of the Bills deferred, or would otherwise reject them.
2 December 2009	Bills again voted down by the Senate.
2 February 2010	Bills introduced into House of Representatives.
11 February 2010	Bills passed by House of Representatives; Turnbull crossed the floor; Oakeshott sat with Government; Windsor sat with the Opposition.
24 February 2010	Senate delays debate on Bills until May.
27 April 2010	Prime Minister Rudd announces that the Government will not be pursuing an emissions trading scheme due to a hostile Senate and global inaction. He states that the issue will be revisited after the expiration of the Kyoto agreement.
24 June 2010	Julia Gillard assumes the role of Prime Minister

## e) Complimentary measures

The Rudd Government demonstrated its commitment to effective climate change action through a raft of additional complimentary measures aimed at reducing Australia's carbon footprint.

- Upon coming to office, the Rudd Government promptly ratified the Kyoto Protocol and the Prime Minister personally sought to play a leading role internationally promoting the need for a binding agreement on cutting greenhouse gas emissions.
- The Government steadfastly maintained its commitment to the target of reducing emissions by 60 per cent by 2050 as promised.
- The Government successfully put in place the target for 20 per cent of energy to come from renewable sources by 2020.
- The Government provided promised support for 'clean coal' technologies through its [Clean Energy Initiative](#), including the [Carbon Capture and Storage \(CCS\) Flagship Program](#). The CCS program is designed to accelerate the development and demonstration of CCS technologies. The program promotes the wider dissemination of CCS technologies by supporting a small number of demonstration projects that capture CO<sub>2</sub> emissions from industrial processes and safely storing CO<sub>2</sub> underground in stable geological formations to mitigate global warming.

## 2) 2010 Federal Election

### a) Labor Policy

The Federal Labor Government has restated its commitment to a climate change policy designed to cut Australia's greenhouse gas emissions.

Australia is on target to slow growth of its carbon pollution emissions to 108 per cent of 1990 levels in the first compliance period. This is consistent with the country's commitment under the Kyoto Protocol. Progress against this target is tracked in Australia's [National Greenhouse Accounts](#). The Gillard Government has committed to a goal of reducing emissions to 25 per cent below 2000 levels by 2020, if there is a fair contribution from all emitters around the world to take strong action to reduce the risk of dangerous climate change by restraining atmospheric concentrations of greenhouse gases to 450 ppm. If, however, there is no global consensus of a 450 ppm target, the Government remains committed to reducing emissions in Australia by between 5 and 15 per cent below 2000 levels by 2020.

The Government divides its climate change policy into three broad areas, which it refers to as the 'three pillar strategy'. They are:

- [mitigation](#) - to reduce Australia's greenhouse gas emissions.  
The Government has developed policies that it claims will "strengthen efforts to prepare Australia for a low carbon pollution future through the [Renewable Energy Target](#), research and development of clean energy, and measures to help households, businesses, communities and regions transition to a low carbon future".
- [adaptation](#) - to adapt to the climate change we cannot avoid.  
The Government aims to develop policies to prepare Australia for the impacts of climate change that are already 'locked in' due to the carbon pollution already released into the atmosphere. This includes investing in the science, research, information and skills needed to help communities, industries and governments adapt to a changing climate.
- [global solution](#) - to help shape a collective international response.  
The Government aims to continue to work with other countries to develop a global solution to climate change.

#### i. Mitigation

While the Government has re-stated its commitment to a market based mechanism in the form of an emissions trading scheme, it has also stated that it will commit to boosting existing investments in clean and renewable energy and supporting greater energy efficiency measures in order to bring down greenhouse gas emissions.

## ***Investing in clean energy***

- The Government is investing more than \$5 billion in developing and commercialising clean energy technologies.
- The Government has set a [Renewable Energy Target](#) of 20 per cent by 2020 to come from sources such as wind, solar and geothermal power. To help achieve this, the Government is investing \$4.5 billion through its [Clean Energy Initiative](#) to develop cleaner energy supply and to reduce Australia's carbon pollution emissions.
- The Government is also investing \$1.3 billion in the [Green Car Innovation Fund](#), which provides assistance over ten years to Australian companies to enhance the research, development and commercialisation of technologies that significantly reduce the carbon pollution emissions of passenger motor vehicles.
- All new coal-fired power stations are required to be Carbon Capture and Storage-ready and will have emissions standards applied to them, and existing coal-fired power stations are obliged to find opportunities to reduce their emissions under the Government's expanded [Energy Efficiency Opportunities](#) program.
- Other initiatives include the Connecting Renewables Initiative, which commits \$1 billion over ten years to electricity networks to connect remote renewable energy sources to the national grid;
- the \$100 million Renewable Energy Venture Capital Fund; and the Emerging Renewables Initiative, which commits \$40 million to support new emerging renewable energy technologies;
- The Government has also announced it will provide \$394 million to support motorists to purchase new, low-emission, fuel-efficient vehicles through the [Clean Car Rebate](#).

## ***Supporting business to take action***

- The Government is investing \$240 million in the [Clean Business Australia](#) program, which provides grants to support a range of activities aimed at improving our energy and water efficiency and increasing sustainability, with a focus on productivity and innovation.
- The Government is investing more than \$75 million the [Australian Carbon Trust](#), which will bring together public and private funding, innovative business approaches and technical knowledge to help business and community groups invest in energy efficiency and reduce emissions.
- The Government is developing the [Skills for the Carbon Challenge](#) program, which is intended to help develop and trial training resources and qualifications that teach green skills and sustainability principles across a number of industries.

## ***Supporting households to take action***

The Government is investing in helping Australians change the way they act to help reduce carbon pollution.

Initiatives include:

- The [Renewable Energy Bonus Scheme](#), which offers eligible Australian households rebates for solar hot water systems and heat pump systems. (NB Applications are no longer being accepted for the former Solar Hot Water Rebate.)

- The [Green Start Program](#), which helps householders improve the energy efficiency of their homes through two rounds of competitive grant funding. (Applications for the first round of funding closed on 20 August 2010. Program guidelines for the second round of funding are currently being developed.) (NB This initiative was repealed on 22 December 2010.)
- The [National Strategy on Energy Efficiency](#), which is designed to help Australians choose energy efficient appliances, homes and buildings, and make residential and commercial buildings more energy efficient.

## **Promoting Energy Efficiency**

The International Energy Agency suggests that energy efficiency could deliver 65 per cent of all the global greenhouse gas abatement needed to reach a target of 450 parts per million of CO<sub>2</sub>. In 2008 the IEA published 25 [Energy Efficiency Policy Recommendations](#). The IEA stated that, if implemented globally without delay, the Recommendations would reduce global CO<sub>2</sub> emissions by 8.2 gigatonnes per year by 2030 – equivalent to roughly twice the amount of current EU CO<sub>2</sub> emissions. The Recommendations provide energy efficiency policy recommendations across the following areas: buildings, industry, appliances, lighting, energy utilities, cross-sectoral, and transport.

The Government's energy efficiency agenda includes:

- Regulating for more efficient industries, providing incentive programs, trialing a more efficient kind of energy supply, providing a wide range of information resources and working on improving the energy efficiency of the Government's own operations.
- Developing the National Strategy on Energy Efficiency, which is an agreement between the federal, state and territory governments setting out a work plan for energy efficiency improvements in all sectors of the Australian economy. The strategy is supported by a series of [joint government groups](#) that coordinate much of our buildings and appliances energy efficiency efforts.
- Establishing a [Task Group on Energy Efficiency](#) to advise the Australian Government on options to improve Australia's energy efficiency. The Task Group comprises the Secretary of the Department of Climate Change and Energy Efficiency (Chair), along with Deputy Secretaries from the Department of the Prime Minister and Cabinet, the Treasury and the Department of Resources, Energy and Tourism. The Task Group's terms of reference can be found [here](#).
- Increasing energy efficiency requirements in our building codes, ensuring environmental information is available on the property market and setting out a pathway for improving our buildings over time.
- Regulating energy standards applied to appliances, equipment, lighting and the like.

## **National Emissions Reduction Targets**

When Australia ratified the [Kyoto Protocol](#) to the UNFCCC in December 2007, the Government confirmed it would limit our annual carbon pollution to an average of 108 per cent of 1990 levels during the Kyoto period (2008-2012). Australia is on track to meet its Kyoto target, with emissions expected to be 107 per cent of 1990 levels on average over that period. The Government has committed to reduce Australia's carbon pollution to 25 per cent below 2000 levels by 2020 if the world agrees to an ambitious

global deal to stabilise levels of greenhouse gases in the atmosphere at 450 ppm CO<sub>2</sub> equivalent or lower. This will maximise Australia's contribution to an ambitious outcome in international negotiations. If the world is unable to reach agreement on a 450 ppm target, Australia will still reduce its emissions by between 5 and 15 per cent below 2000 levels by 2020. It has also committed to a long-term emissions reduction target of at least 60 per cent below 2000 levels by 2050. If the world achieves the ambitious agreement required for the minus 25 per cent target, the Government has stated it will seek a new election mandate for an increased target for 2050. [Emissions projections](#) released in August 2009 showed that in the absence of the CPRS, Australia's emissions are projected to rise to 664 Mt CO<sub>2</sub>-e in 2020, which is 120 per cent of 2000 levels.

On 27 January 2010, Australia formally submitted its existing 2020 target range for reducing emissions to the [Copenhagen Accord](#). Consistent with the Government's commitment to do no more and no less than the rest of the world, Australia submitted its existing target range. The Government argues that an ambitious and comprehensive global agreement is in Australia's national interest. As such, the Government has said it will keep the existing range, including the 25 per cent target, on the negotiating table; however, it will not increase Australia's emissions reduction target above 5 per cent below 2000 levels until:

- the level of global ambition becomes sufficiently clear, including both the specific targets of advanced economies and the verifiable emissions reduction actions of China and India;
- the credibility of those commitments and actions is established, for example, by way of a robust global agreement at the next United Nations Climate Change Conference in Mexico, or commitment to verifiable domestic action on the part of major emitters including the United States, India and China; and there is clarity on the assumptions for emissions accounting and access to markets.

## ii. Adaption

The Government's position paper, [Adapting to Climate Change in Australia](#), sets out the Government's vision for adapting to the impacts of climate change and proposes practical steps to realise that vision. It outlines the Government's role in adaptation, which includes building community resilience and establishing the right conditions for people to adapt; taking climate change into account in the management of Commonwealth assets and programs; providing sound scientific information; and leading national reform. The position paper identifies six national priority areas for action: water, coasts, infrastructure, natural ecosystems, natural disaster management, and agriculture. Adaption initiatives include:

- \$12.9 billion to secure Australia's water supply through the [Water for the Future](#) program.
- Support for farmers through the [Farming Futures](#) program and the \$45.6 million [Carbon Farming Initiative](#).
- \$387 million to for research in marine and climate science through the [Marine and Climate Super Science Initiative](#).

- \$31 million to support a broad range of climate change science research activities through the [Australian Climate Change Science Program](#).
- Up to \$126 million for the [Climate Change Adaptation Program](#) to help Australians better understand and manage risks linked to the carbon pollution already in our atmosphere and to take advantage of potential opportunities.
- Support for coastal communities through the [Caring for our Coasts](#) program.

### iii. Global Solution

The Government states that helping to shape a global climate change solution is one of its highest priorities. The first act of the Rudd Government was to ratify the [Kyoto Protocol](#). Through the [United Nations climate change negotiations](#), the international community is working to develop a new long-term approach for global cooperation on climate change. The Government has committed to reduce Australia's carbon pollution to 25 per cent below 2000 levels by 2020 if the world, through the UN climate change negotiations, agrees to an ambitious global deal consistent with stabilising levels of greenhouse gases in the atmosphere at 450 ppm CO<sub>2</sub>-equivalent or lower.

In December 2007, at the United Nations Framework Convention on Climate Change negotiations in Bali, the international community committed to develop a new, long-term, approach for global cooperation on climate change, to be agreed in Copenhagen in December 2009. This is known as [the Bali Roadmap](#). At the UNFCCC negotiations in Copenhagen, Parties took note of the [Copenhagen Accord](#). The Accord contained an agreement under the UNFCCC to:

- hold any increase in global temperature to below 2 degrees Celsius.
- specify, side by side, emissions targets for developed countries and actions to reduce emissions by developing countries.
- develop a framework for national and international monitoring of what developed and developing countries will do.
- provide considerable financing to support emissions reductions and adaptation in developing countries.

The Government formally registered its support for the Accord in Copenhagen and is encouraging its fast and full implementation. Countries were invited to submit information on their emission targets (a compilation of country pledges is available [here](#)) and mitigation actions pursuant to the Copenhagen Accord by 31 January 2010. [Australia made its submission](#) to the UNFCCC secretariat on 27 January 2010. In Copenhagen, Parties also agreed to continue the Bali Roadmap negotiations with the aim of concluding these negotiations at the Climate Change Conference in Mexico at the end of 2010. Australia is a constructive participant in the UNFCCC negotiations, working to achieve an outcome that is effective, fair and efficient.

Australia was an active participant in the December Cancun Climate Change Conference. For ease of reference, we have provided details of the Cancun outcomes and relevant stakeholder positions at [item 3](#) below.

Australia also takes part in multilateral, bilateral and regional activities that contribute to the global effort to respond to climate change and participates in high level meetings on climate change that complement and help progress the UN Framework Convention on Climate Change agenda, including the Group of Twenty and the Major Economies Forum on Energy and Climate. Australia also works with international partners on practical actions that enable countries to respond to climate change, particularly through the [Bilateral Climate Change Partnership Program](#).

Australia is working with Pacific island nations to ensure that climate change does not undermine sustainable development gains. In 2009 the Government released a publication to guide its work in the region entitled [Engaging our Pacific Neighbours on Climate Change: Australia's approach](#). Australia is also taking action through the [International Forest Carbon Initiative](#) to help reduce emissions from deforestation and forest degradation in developing countries, particularly in Indonesia and Papua New Guinea, and assisting vulnerable countries in the region adapt to the impacts of climate change through the [International Climate Change Adaptation Initiative](#).

#### **iv. Climate Change Committee / Roundtables**

In addition to the policy initiatives outlined above, the Government has committed to increasing the breadth of its consultation process in order to facilitate the development of a consensus on climate change action. As part of the agreement between Labor and the Greens, the Government agreed to establish a Multi-Party Climate Change Committee and the Government Roundtables.

#### **Climate Change Committee**

##### *Membership*

- Prime Minister Julia Gillard (Chair) (Labor)
- Deputy Prime Minister and Treasurer Wayne Swan (Labor)
- Minister for Climate Change and Energy Efficiency Greg Combet (Deputy Chair) (Labor)
- Senator Bob Brown (Greens)
- Senator Christine Milne (co-Deputy Chair) (Greens)
- Tony Windsor (Independent)
- Rob Oakeshott (Independent)

Shortly after the 2010 Federal election, the Prime Minister announced the membership and terms of reference for the new multi-party Climate Change Committee. The Committee is charged with the task of exploring the options for the introduction of a carbon price and will report and make



recommendations to Cabinet through the Minister for Climate Change and Energy Efficiency, Greg Combet. The Committee is starting from the position that a carbon price is an economic reform required to reduce carbon pollution, to encourage investment in low emissions technologies and complement other measures including renewable energy and energy efficiency. The Committee will consider various mechanisms for putting a price on carbon, including an emissions trading scheme, a carbon tax, and a hybrid of the two. It is expected that the Committee will meet monthly until the end of 2011. Deliberations will remain confidential to the Committee and the Cabinet until a formal recommendation is given. The full Terms of Reference can be found [here](#).

The Government invited the Coalition to nominate two members to the committee; however, the Leader of the Opposition, Tony Abbott, has indicated the Coalition's unwillingness to take part in the Committee.

In addition to the members listed above, the Committee will be supported by a group of four expert advisers (Professor Ross Garnaut, Professor Will Steffen, Rod Sims and Patricia Faulkner) and a Secretaries' Group comprising the Secretaries of Departments involved in implementing climate change policy.

The Climate Change Committee met for the third time on 21 December 2010. At the meeting, the Committee agreed to adopt and publicly release the eleven policy principles that will provide a consistent basis for deliberations on carbon price mechanisms.

The principles are:

- 1. Environmental effectiveness:** The mechanism should be capable of delivering reductions in carbon pollution that are informed by the climate science, to ensure that Australia contributes to the global mitigation task and to help transform our economy by driving investment and innovation in clean energy and low emissions technologies and processes.
- 2. Economic efficiency:** A mechanism to price carbon should harness the most cost-effective pollution reduction options and facilitate informed and efficient investment decisions. It should also minimise costs of our pollution reduction to the economy as a whole and be consistent with Australia's broader economic reform agenda.
- 3. Budget neutrality:** The overall package of a carbon price mechanism and associated assistance measures should be budget-neutral. This does not preclude other measures to address climate change being funded from the Budget, consistent with the Government's fiscal strategy.
- 4. Competitiveness of Australian industries:** The overall package of carbon price design and associated assistance measures should take appropriate account of impacts on the competitiveness of all Australian industries, having regard to carbon prices in other countries, while maintaining incentives to reduce pollution.

**5. Energy security:** Introduction of the carbon price should be accompanied by measures that are necessary for maintaining energy security.

**6. Investment certainty:** A mechanism to price carbon should provide businesses with the confidence needed to undertake long-term investments in low emissions technology and infrastructure, which will reduce costs for households and businesses in the long-term. It should keep our industries at the forefront of the research, development and deployment of new clean technologies, attracting global investment flows and creating new jobs.

**7. Fairness:** The introduction of a carbon price will affect Australian households and communities. Assistance should be provided to those households and communities most needing help to adjust to a carbon price, while striving to maintain incentives to change behaviour and reduce pollution.

**8. Flexibility:** Internationally, climate change policy is continuing to evolve. A mechanism to price carbon should be sufficiently flexible to respond to changing international circumstances, including improvements in international accounting rules, developments in climate change science, and tangible international action to deliver an effective global solution.

**9. Administrative simplicity:** A mechanism to price carbon should be designed with a view to minimising both compliance costs and implementation risks.

**10. Clear accountabilities:** A mechanism with transparent scheme rules and clear accountabilities will help promote business and community confidence in carbon pricing.

**11. Supports Australia's international objectives and obligations:** An effective global solution requires action from all major emitters to limit the global temperature rise to less than 2 degrees. A carbon price mechanism should support the goal of promoting international action to deliver an effective global solution, and be consistent with Australia's foreign policy and trade objectives.

## Roundtables

The Government has also established two roundtables: one for the business community and the other for the non-government sector. According to the Government, the roundtables will play an important role providing advice to the Government and the multi-party climate change committee on the issues surrounding climate change, informing the positions the Government takes to the Committee.

The business roundtable held its first meeting on 26 November 2010. The members come from various sectors, including the mining, transport, manufacturing, energy, retail and finance sectors.

Members of the <a href="#">business community roundtable</a>	Members of the <a href="#">non-government organisation roundtable</a>
<ul style="list-style-type: none"> <li>• Australian Chamber of Commerce and Industry, Peter Anderson</li> <li>• National Australia Bank, Cameron Clyne</li> <li>• BHP Billiton, Hubrecht (Hubie) van Dalsen</li> <li>• Investor Group, Nathan Fabian</li> <li>• National Farmers' Federation, Ben Fargher</li> <li>• AGL Energy, Michael Fraser</li> <li>• Qantas, Alan Joyce</li> <li>• Origin, Grant King</li> <li>• Lend Lease, Rod Leaver</li> <li>• Woolworths, Michael Luscombe</li> <li>• BlueScope Steel, Paul O'Malley</li> <li>• Energy Supply Association of Australia, Brad Page</li> <li>• Rio Tinto, David Peever</li> <li>• Shell, Ann Pickard</li> <li>• Australian Industry Group, Heather Ridout</li> <li>• Business Council of Australia, Maria Tarrant</li> <li>• Woodside, Don Voelte</li> <li>• Clean Energy Council, Matthew Warren</li> <li>• Toyota, Masahide (Max) Yasuda</li> </ul>	<ul style="list-style-type: none"> <li>• Australian Conservation Foundation, Don Henry</li> <li>• The Climate Institute, John Connor</li> <li>• World Wide Fund for Nature, Dermot O'Gorman</li> <li>• Greenpeace Australia Pacific, Linda Selvey</li> <li>• ClimateWorks Australia, Anna Skarbek</li> <li>• Monash Sustainability Institute, John Thwaites</li> <li>• Australian Council of Trade Unions, Ged Kearney</li> <li>• Construction, Forestry, Mining and Energy Union, Tony Maher</li> <li>• Australian Workers' Union, Paul Howes</li> <li>• Australian Manufacturing Workers' Union, Dave Oliver</li> <li>• Electrical Trades Union, Peter Tighe</li> <li>• Australian Council of Social Service, Cassandra Goldie</li> <li>• World Vision, Tim Costello</li> <li>• Brotherhood of St Laurence, Tony Nicholson</li> <li>• Coast and Climate Change Council, Tim Flannery</li> <li>• National Centre for Social and Economic Modelling, Ann Harding</li> <li>• Australian Landcare Council, Snow Barlow</li> <li>• North Australian Indigenous Land and Sea Management Alliance, Joe Morrison</li> <li>• Australian Local Government Association, Geoff Lake</li> <li>• Australian Youth Climate Coalition, Amanda McKenzie</li> </ul>

## b) Coalition Policy

When Tony Abbott was a member of the Howard Government Cabinet in 2007, he backed the then Prime Minister and supported the Shergold Report, which called for the introduction of an Emissions Trading Scheme (ETS). The Shergold Report was the key plank of Liberal Party policy on the environment in the 2007 election.

Under Tony Abbott's leadership, the Coalition has adopted a 'direct action' policy approach to climate change. The Coalition's environment and climate change policy, the [Direct Action Plan: Environment and Climate Change](#). This document was elaborated on in the Coalition's 2010 election policy entitled [The Coalition's Plan for Real Action on the Environment, Climate Change and Heritage](#). The Opposition emphasises the importance of providing appropriate incentives to enable private initiatives to mitigate climate change. The Direct Action Plan and relevant aspects of the Plan for Real Action on the Environment, Climate Change and Heritage are summarised below.

The Coalition's policy for water conservation is contained in the [Plan for Real Action on Water Conservation](#), which emphasises stormwater capture and allocates \$100 million in funding for water conservation projects in the form grants to community groups, schools and local government. Other Conservation measures not related to climate change are contained in the Coalition's [Policy on Marine Protected Areas](#).

### i. Direct Action Plan: Environment and Climate Change

In the Direct Action Plan, the Opposition Leader committed to reduce Australia's greenhouse gas emissions by five per cent by 2020, consistent with existing Government commitments. The Plan included the following initiatives.

#### ***Emissions Reduction Fund***

- The Emissions Reduction Fund would provide direct incentives to industry and farmers to reduce CO2 emissions. Businesses that reduce emissions below their baseline or 'business as usual' activity will be able to sell their CO2 abatement to the government.
- Businesses that emit above their 'business as usual' levels will incur a financial penalty. The emissions reduction has been estimated as costing \$3.2 billion over the forward estimates.
- The Fund will use the existing National Greenhouse and Energy Reporting Scheme (NGERS) to determine the abatement achieved by individual businesses. The policy states that a Coalition Government would establish an expert body to assess tenders and make recommendations on activities to be supported by the Fund.
- Businesses not covered by NGERS will be able to participate on an opt-in basis. The Fund would also be able to consider tenders for projects that would reduce CO2 emissions. Examples cited indicate:
  - forestry abatement
  - utilising waste coal mine gas for electricity generation

- energy efficient building projects
- innovative landfill management
- composting and recycling
- A Coalition Government would also provide \$60 million to develop the La Trobe Valley, Hunter and Central Queensland regions as Clean Energy Employment Hubs.

### ***Soil Carbon***

- The Coalition's Direct Action Plan outlines that a Coalition Government would use the Emissions Reduction Fund to deliver about 85 million tonnes per annum of CO2 abatement through soil carbons by 2020 with an initial purchase of 10 million tonnes of abatement through soil carbons by 2012-13.

### ***Solar Power***

- The Coalition's Direct Action Plan states that a Coalition Government would have as a goal achieving one million additional solar energy roofs by 2020.
- To help achieve this, the Opposition committed to providing a \$1,000 rebate for either solar panels or solar hot water systems, capped at 100,000 rebates per year.
- This rebate would be in addition to existing rebates.
- A Coalition Government would also allocate \$100 million to a Solar Towns and Solar Schools Initiative which would provide grants for towns, non-capital cities and schools to access direct solar energy for onsite use and return to the power grid.
- \$50 million would be allocated to a Geothermal and Tidal Towns Initiative.

### ***Green Corridors***

- The Direct Action Plan commits to the planting of 20 million trees by 2020, including in urban corridors.
- \$2 million would also be allocated to study the use of underground electricity transmission and the potential land recovery from the conversion of overhead power line corridors to urban parklands and inner suburban housing.

### ***Other measures***

- The Coalition's Direct Action Plan indicate that the Coalition would allocate a proportion of incentives provided through the Renewable Energy Target to be reserved for bigger projects and emerging technologies.
- \$5 million will also be made available for research into algal synthesis and retain the Greenhouse Friendly program.

## ii. Plan for Real Action on the Environment, Climate Change and Heritage

As its title suggests, the Coalition's Plan for Real Action on the Environment, Climate Change and Heritage covers the party's policies in a range of areas. Those which relate specifically to climate change are summarised below.

### ***Green Carbon Initiative***

- The Coalition committed to providing \$10 million to help train farmers to reduce emissions and increase carbon through soils and vegetation so as to maximise results from the Emissions Reduction Fund.
- The Coalition would appoint two recognised leaders in the natural sciences to lead the Initiative, which will cover:
  - soil carbon
  - carbon sequestration through pasture
  - semi-arid scrub regeneration
  - carbon storage and selected reforestation in non-prime agricultural lands
- The Initiative would allocate grants of up to \$10,000 to individual farmers to pursue Green Carbon training courses.
- Funding will be drawn from the Coalition's *Direct Action Plan on the Environment and Climate Change*.
- Farmers will be required to meet the costs of the programme through verified Green Carbon improvements to their land at a valuation of \$10 per tonne of CO2 sequestered.

### ***A National Energy Efficiency Partnership***

- The Coalition's National Energy Efficiency Partnership would set voluntary energy efficiency targets for Australia's top 500 commercial energy consumers to improve energy efficiency standards in large premises.

### ***The Global Rainforest Recovery Plan***

- The Coalition committed to promoting an international agreement for a 50 percent reduction in the 8 billion tonnes of annual CO2 emissions from rainforest destruction by 2020.
- This would be achieved by seeking to include Green Carbon within current and future international agreements.

### ***Solar Continent Policy***

- A Coalition Government committed to building on the Direct Action Plan on the Environment and Climate Change by establishing a \$1.1 billion Solar Continent Policy comprising:
  - a \$1 billion Million Solar Roofs Programme for Australian homes, including a Community Solar Programme
  - The \$100 million Solar Towns and Solar Schools Programme

## c) Greens, Independents and others

### i. Greens Policy

The Greens believe that Australia needs to significantly reduce greenhouse gas emissions, actively support international mitigation measures to reduce global emissions, and plan to adapt to climate change impacts which are now inevitable. In their policy, the Greens state that a safe climate will require a return to an atmospheric concentration of 350ppm or lower of greenhouse gases. In order to achieve this, the Greens advocate that Australia must achieve net zero greenhouse gas emissions as soon as is feasible and by no later than 2050, and commit to a minimum of 40% reduction on 1990 levels by 2020. The Greens claim that this may be achieved through:

- The reversal of Australia's growing demand for energy through demand management and increased efficiency of supply and end-use.
- Ensuring future energy needs are met using sustainable, renewable energy sources.
- Requiring all countries to develop and meet greenhouse gas emission targets.
- Taking actions to adapt Australia to the impacts of climate change.
- The development and ratification of a global oil depletion protocol.

In particular, in their [Climate Change and Energy Policy](#) the Greens state they will:

- Take a leading role in negotiating a multilateral emission abatement treaty which includes binding emission targets for all countries.
- Establish binding national emission targets for 2012, 2020 and 2050 supported by a detailed strategy to reduce emissions from the energy, transport, industry, waste and land management sectors.
- Drive the equitable transition to a low carbon economy through a range of market-based and regulatory mechanisms reflecting the real costs of greenhouse gas emissions.
- Address the social impacts of the transition to a low carbon economy.
- Create a new ministerial position, Minister for Climate Change and Energy, to oversee the national response to climate change and the implementation of energy efficiency programs and standards.
- Establish a low greenhouse trigger in the Environment Protection Biodiversity Conservation Act, ensuring Federal oversight of developments which are liable to have a significant impact on domestic or global greenhouse emissions.
- Establish a national system of energy efficiency targets.
- Significantly increase the stringency of Minimum Energy Performance Standards for products, buildings and infrastructure.
- Ensure that renewable electricity provides 30% of national demand by 2020 by increasing the renewable energy target and by introducing measures such as feed-in tariffs and regulations to support a range of prospective new renewable energy technologies..
- Reform the renewable energy target to exclude non-renewable sources, including greenfields coal-bed methane, and new hydroelectric and native forest fuelled power stations.
- Reform the National Electricity Market to remove the bias towards centralised coal-fired generation, and encourage demand management and the development of distributed generation and renewable energy.

- Review national gas resources and their allocation to ensure that Australia has sufficient gas to produce on-demand electricity in the transition to a fully renewable economy.
- Facilitate the rollout of smart meters with real-time communications technology and information display with measures to ensure that people who are on low incomes, unemployed or aged are not unfairly penalized.
- Transfer subsidies and government support, including funding for research and development, from the fossil fuel sectors to energy efficiency and renewable energy.
- Provide incentives, including any revenue raised from the above measures, to promote public transport, and to encourage research, development, and commercialisation of energy efficiency and renewable energy.
- Ensure that energy price subsidies are not used to attract or retain energy intensive industries.
- Oppose the establishment of new coal-fired power stations, new coal mines and the expansion of existing mines, as the technology to capture and store greenhouse gas emissions remains unproven
- Ban public funding to refurbish any existing coal fired power stations.
- Develop a plan to assist affected communities in the transition from dependence on coal mining and coal-fired power stations, given that global efforts to reduce greenhouse gas emissions will inevitably reduce the demand for coal.
- Adopt the precautionary principle in relation to carbon capture and storage (geosequestration) by opposing public funding, and ensuring that companies are financially responsible for the risks of CO2 leakage.
- Phase in stringent fuel efficiency standards.
- Remove the GST on public transport.
- Reduce vehicle dependence and improve fuel efficiency by investing in public transport, providing housing with access to public transport and discouraging urban sprawl.
- Use government procurement policies to promote efficient passenger vehicles.
- Amend the Fringe Benefits Tax to remove the incentive to increase vehicle use.
- Phase out diesel fuel subsidies by removing energy credits.
- Support research, development and commercialisation of sustainable alternative fuels.
- Support the development and expansion of robust distribution networks for transitional and sustainable alternative fuels and charging facilities for electric vehicles.
- Increase community awareness about the urgent need to reduce greenhouse gas emissions, about simple and cost-effective emission mitigation options, and about the need to plan for future climate change impacts.
- Help countries in our region to reduce greenhouse gas emissions, and adapt to climate change through appropriate technology transfer and other forms of assistance.



ii. **Independents**

<p><b>Rob Oakeshott</b> <i>Member for Lyne</i></p>	<p>In a media release in February 2009, Mr. Oakeshott described climate change as a global issue of significance. Mr. Oakeshott is on the record as saying that carbon capture and storage provides ‘an unproven contribution to the climate change response’. He has provided broad support for the implementation of an emissions trading scheme and/or a tax on carbon.</p>
<p><b>Tony Windsor</b> <i>Member for New England</i></p>	<p>Mr. Windsor voted against the CPRS. He described the exemption of agriculture from the Scheme as a ‘major breakthrough’. Tony Windsor is a member of the government’s multi-party climate change committee.</p>
<p><b>Bob Katter</b> <i>Member for Kennedy</i></p>	<p>Mr. Katter is skeptical about the science of climate change and has been consistently opposed to enacting legislation to control greenhouse gas emission.</p>
<p><b>Tony Crook</b> <i>Member for O’Connor</i></p>	<p>Mr. Crook opposed the emissions trading scheme. He welcomed the announcement of Tony Abbott’s direct action policy on climate change, saying it had a far greater chance of improving the environment and reducing greenhouse gas emissions than the Government’s policy.</p>
<p><b>Andrew Wilkie</b> <i>Member for Dennison</i></p>	<p>Mr. Wilkie believes that the human race is influencing climate change. He believes that Australia has an environmental and social obligation to act on climate change, and that to do so will also be in the country’s economic interest. He insists that a price must be put on carbon pollution, possibly as part of an enhanced Emissions Trading Scheme.</p>
<p><b>Nick Xenophon</b> <i>Senator for South Australia</i></p>	<p>Senator Xenophon believes in human-induced climate change and he states the ‘a properly designed emissions trading scheme will be an important part of reducing Australia’s carbon emissions’. Senator Xenophon believes the solution lies in a combination of putting a price on emissions and giving incentives for cutting emissions. He also believes that the emissions target set by the Government is inadequate. He voted against the CPRS legislation.</p>
<p><b>Steve Fielding</b> <i>Senator for Victoria</i> (term expires June 2011)</p>	<p>Senator Fielding is skeptical about the science of climate change and believes Australia should wait until the rest of the world decides what to do, before we pass any emissions trading legislation ‘so we can see what the big economies and polluters around the globe plan to do to tackle climate change’. He voted against the CPRS legislation.</p>

### iii. Business Council of Australia

In August 2008, the BCA released a paper entitled *Modelling Success: Designing an ETS that Works*, which incorporated research from Port Jackson Partners that examined the impacts of the proposed emissions trading scheme on 14 businesses across a range of sectors including minerals processing, manufacturing, oil refining, coal mining and sugar milling. In their media release, the BCA stated that it 'fully supports adopting a comprehensive emissions trading scheme as the best way to reduce emissions, but getting the design detail right is critical'.

The BCA paper identifies a number of unintended consequences of the Government's original CPRS, including:

- Compensation for many emission-intensive, trade-exposed (EITE) businesses was not sufficient to prevent them either reducing their operations or moving them offshore in the absence of a global price on carbon.
- Companies immediately below the proposed free permit allocation threshold would get no compensation while those above the threshold would get 60 per cent or 90 per cent of their permits free, producing significant distortionary impact.
- There was no allowance for growth in EITE businesses required to meet future demand.
- There were high levels of uncertainty about how the scheme would work in practice.

The paper went on to state that, based on a carbon price of \$40 per tonne of CO<sub>2</sub>, the compensation mechanism proposed by the Government would likely produce the following outcomes for the 14 businesses studied:

- Three will have to shut immediately.
- Four will have to fundamentally review their operations to remain viable after losing between 32 per cent and 63 per cent of their pre-tax earnings.
- The rest will have to take immediate action to reduce their costs.
- Many potential investments will not take place.

The BCA believes that alternative approaches are available which would achieve the Government's objectives without such a high cost to the Australian economy. Accordingly, the BCA proposes that the CPRS should be modified to include:

- Full compensation for emissions above a threshold.
- Use a threshold based on the financial impact of carbon costs.
- The threshold of between three per cent and five per cent of industry value-add.
- Provide compensation to all businesses that meet the threshold.
- Accommodation for growth in EITE industries at world's best practice in emissions efficiency.

iv. **Australian Council of Trade Unions**

The ACTU is on record as saying that climate change is the most pressing social and economic challenge we face, and that Australians will be hit hard if we do not respond urgently to climate change. The ACTU has issued statements on several areas of climate change policy. They are summarised below.

<b><i>Carbon Pollution Reduction Scheme</i></b>
The union movement supports the commitment by the Federal Government to work to achieve a 60 per cent reduction in Australia’s greenhouse gas emissions below the 2000 level by 2050. Our submission on the CPRS suggests a 30 per cent reduction in greenhouse gas emissions by 2020 is possible without major technological breakthroughs or lifestyle changes and at minimal cost to working people. The ACTU also supports the government’s commitment to a medium term target for carbon emissions trading.
<b><i>New technologies, industries and investment</i></b>
An emissions trading system will require a compensation system, but compensation must be conditional and tied to investments in renewable and low carbon technologies. The ACTU calls upon government to develop policy and drive investment towards new and cleaner technologies, and new industries – to establish Australia as a global leader and to take advantage of economic opportunities.
<b><i>Southern Cross Climate Coalition</i></b>
In 2008, the ACTU formed an alliance with the Climate Institute, Australian Conservation Foundation and Australian Council of Social Service. Known as the Southern Cross Climate Coalition, the alliance aims to advance a constructive and long-term agenda to unlock the substantial economic, social welfare and environmental opportunities that will emerge from Australia’s response to climate change.
<b><i>Clean energy jobs</i></b>
The ACTU has commissioned economic research which it says demonstrates that Australia still has an unparalleled opportunity to create hundreds of thousands of ‘green collar’ jobs. The report <a href="#">Green Gold Rush, How ambitious environmental policy can make Australia a leader in the global race for green jobs</a> produced in conjunction with the Australian Conservation Foundation outlines findings and recommendations which achieved strong cross industry support, presented under three national priority areas: <ul style="list-style-type: none"> <li>• leadership on environment and industry policy</li> <li>• environmental market priorities, industry codes and standards</li> <li>• strategic industry and skills investment planning</li> </ul>
<b><i>Copenhagen Climate Change Conference</i></b>
Representatives of Australian and international unions, led by ACTU President Sharan Burrow took part in the Copenhagen conference and will continue to lobby governments worldwide for strong climate action, including ‘a just transition’ for workers - which means embedding decent labour standards and good quality jobs as the new clean energy economy emerges at home and around the world.

### 3) Cancun Climate Change Conference

#### a) Outcomes of the Cancun Conference

- The United Nations Climate Change Conference was held in Cancun from 29 November – 10 December 2010. The Australian Government was represented by the Minister for Climate Change and Energy Efficiency, Greg Combet, and the Parliamentary Secretary for Climate Change and Energy Efficiency, Mark Dreyfus.
- Australia's main objective in international climate change talks is 'to achieve a comprehensive international agreement covering all major emitters'. The outcomes achieved at Cancun are an important step towards this goal and in line with the stated objectives leading into this Conference.
- The negotiations concluded with two main agreements and several further decisions on rules for the global system of cooperation on climate change. The main commitments are outlined below.
- Reducing pollution:
  - Pollution reduction targets from 85 countries, covering 80 per cent of global emissions, are anchored into a UN decision for the first time.
  - The agreements recognises the need to 'hold increase in global average temperatures below 2°Celsius above pre-industrial levels' and consider strengthening the long term goal to a global average temperature rise of 1.5° Celsius, in the context of a review that will run from 2013 to 2015.
  - Agrees to identify when global pollution emissions need to peak and by how much they need to fall by 2050 and consider adopting this in Durban, South Africa, in December 2011.
  - Recognises that developed countries as a group should aim for reductions of 25–40 per cent by 2020 below 1990 levels and a process to look at raising ambition.
- Providing finance to help developing countries deal with climate change:
  - Recognises the pledges of developed countries to provide US\$30 billion in 'fast start finance' by 2013 and aim to mobilise US\$100 billion by 2020.
  - Recognises the need for finance to aid adaptation to climate change impacts that are already being felt and to help developing countries shift to cleaner economies.
  - Decides to establish the Green Climate Fund and sets up a process for its design and implementation by the Durban meeting.
- Reducing emissions from the loss and damage of forests:
  - Agrees that 'Parties should collectively aim to slow, halt and reverse forest cover and carbon loss'.
  - Affirms this should be done in accordance with safeguards such as the protection of indigenous rights and biodiversity.
  - Sets out the crucial elements needed for reducing emissions from deforestation and forest degradation in developing countries (REDD), such as strategies, reference levels and monitoring systems.

## b) Australia's commitments and obligations

- The emission reduction target range of 5–25 per cent by 2020 that the Australian government submitted to the Copenhagen Accord will now be listed in the Cancun Agreement documents.
- The review of global ambition in the Cancun agreements means Australia needs laws that can deliver reductions greater than our current 25 per cent commitment as global ambition increases.
- Australian government forecasts show that without a price on pollution, our national emissions will increase by 20 per cent above 1990 levels by 2020. This means a price on pollution in 2011 will be essential for Australia to be seen as credible in UN negotiations.

### Labor Fast-Start Finance commitments

- Minister Combet was invited by the President of the Conference of Parties to chair the high level negotiations on the establishment of the Green Climate Fund.
- The fund will mobilise significant funds to help developing countries tackle climate change.
- Australia has made significant progress since the last meeting of world leaders in Copenhagen on allocating financial assistance to help developing countries tackle climate change.
- The Copenhagen Accord's commitment to 'fast-start' financing will approach USD\$30 billion from 2010 to 2012.
- In June 2010, Australia announced it would contribute A\$599 million to fast-start financing for climate change.
- During the Cancun conference, Mr Combet announced further allocations under Australia's commitment to fast start financing. These included:
  - \$15 million to the Adaptation Fund.
  - \$169 million in new regional adaptation allocations to the Pacific, South and South-East Asia and Africa.
  - \$32 million for REDD+ Initiatives in Indonesia under our International Forest Carbon Initiative.
  - \$10 million to the Climate Investment Funds' Programme on Scaling-up Renewable Energy in Low Income Countries.
  - \$10 million to the Partnership for Market Readiness.
- Delivery of fast-start financing is both important to assist countries move to a lower-carbon path, and to increase climate action under the UN Framework Convention on Climate Change.
- The Minister for Foreign Affairs, Kevin Rudd, said Australia was working with developing country partners, other donors, international organisations and communities to ensure fast-start funds were being spent effectively across a broad range of activities and countries.
- The Foreign Minister also said that at least 25 per cent of our fast-start funds will go to small island developing states, including Australia's Pacific Island neighbours, who are "the most exposed to, but least responsible for, climate change".

## **c) Coalition position on the Cancun Conference**

- The Shadow Minister for Climate Action, Environment and Heritage, Greg Hunt, has said that the Australian Government's agenda for Cancun should have focused on a Global Rainforest Recovery Program. He claimed that it was possible to "make real progress now on the single biggest, fastest, cheapest source of emissions reduction".
- The Coalition's climate change rhetoric focus on the likely implications for electricity prices should a price be put on carbon or a tax applied to emissions.

## **d) Greens on the Cancun Conference**

- The Greens argue that the agreement reached in Cancun to continue the global climate negotiations significantly raises the stakes for climate politics in Australia.
- The Greens have said that the agreement obliges all countries, including Australia, to adopt much more ambitious emissions reduction targets to next year's negotiations in Durban, South Africa.
- The Greens argue that the Australian government has "no choice" but to increase its current 5-25 per cent target range and to the Bali roadmap agreement target of 25-40 per cent.
- The Greens point to the Cancun agreement's recognition that current targets are far too weak to keep global warming to no more than 2°C.

## **e) [Climate Institute on the Cancun Conference](#)**

- The Climate Institute's assessment of the Cancun Conference points out that last year in Copenhagen countries effectively signed a Memorandum of Understanding for high level commitments and that this year in Cancun countries went a step further by signing a more detailed contract to deliver effective international cooperation to limit the impacts of pollution and accelerating climate change.
- The Climate Institute claims that while some aspects are disappointing, the Cancun Summit delivered important progress in several key areas; most significantly, a formal UN decision anchoring pollution limitation and reduction targets covering over 80 percent of global emissions. It said that this was the first time all major emitters including the US and China had anchored their national pollution targets in a formal UN agreement, the significance of which should not be underestimated.
- The Climate Institute said that without a domestic pollution limit and price Australia can't cooperate fully internationally as it cannot meet the commitments made in Cancun.

## **f) [Australian Council of Trade Unions on the Cancun Conference](#)**

- The ACTU has said that Australia must join the race in the emerging low pollution global economy.
- ACTU President Ged Kearney said that urgent action is needed for a domestic carbon pricing mechanism that will encourage investment in new industries. "Our major international competitors are already establishing themselves in clean energy industries, technology and manufacturing...We

are missing out on billions of dollars of investment that is now flowing to projects and communities in other countries. The longer we take to move to a low pollution economy here the more it will cost Australia to make the economic transformation.”

- The ACTU also acknowledged that Australia has a role to play in ensuring that the interests of working people and their communities are considered in any global action proposals.

**g) [Oxfam on the Cancun Conference](#)**

- Oxfam welcomed the ‘eleventh hour’ agreement that ‘has moved the world closer to the global deal on climate change that eluded last year’s summit in Copenhagen’.
- Oxfam applauded the development of the global climate fund to help developing countries adapt to climate change, the ‘lifeline’ extended to the Kyoto Protocol and the path was laid out for countries to move towards cuts in emissions.
- Oxfam did, however, express concern about ‘where long-term climate finance money will come from’. They also claimed that ‘negotiators have missed an opportunity to implement a global emissions reductions scheme or levies on international aviation and shipping that could generate the long-term finance needs of developing countries’.
- Oxfam was pleased that, while the agreed emissions reductions targets will fall far short of taking the world to below two degrees warming, there is now an acknowledgement that current pledges are inadequate and a process in place which leaves the door open to reassessing them.