



Australian Government

Australian Government response to the
Joint Standing Committee on Treaties report:

*Report 100 – Treaties tabled on 25 June 2008 (2): Kyoto Protocol
to the United Nations Framework Convention on Climate Change*

August 2012

Recommendation 1

The Committee finds that it is in Australia's interests to secure global agreement to deliver deep cuts in emissions so as to stabilise concentrations of greenhouse gases in the atmosphere at 450 parts per million or lower by 2050.

Agreed.

The Commonwealth Government is continuing to make progress towards a new global climate change agreement that will apply to all countries, to be finalised by 2015 and enter into force from 2020.

The Commonwealth Government agrees that an international outcome capable of stabilising atmospheric concentrations of greenhouse gases at 450 parts per million carbon dioxide equivalent (ppm CO₂-e) or lower is in Australia's interests.

At the 15th Conference of the Parties (COP 15) to the United Nations Framework Convention on Climate Change (UNFCCC), countries agreed in the Copenhagen Accord to a global goal to hold the increase in global temperature below two degrees Celsius (broadly consistent with stabilising atmospheric concentrations of greenhouse gases at 450ppm CO₂-e). This was reiterated at the UNFCCC meetings in Cancun in 2010 and Durban in 2011.

The Commonwealth Government has reflected this national interest objective as one of the objects of the *Clean Energy Act 2011*, which is:

“to support the development of an effective global response to climate change, consistent with Australia's national interest, in ensuring that average global temperatures do not increase by more than 2 degrees above pre-industrial levels.”

Recommendation 2

The Committee recommends that the Government be willing to adopt a policy setting to reduce Australia's emissions of greenhouse gases by 80 per cent by 2050 in seeking agreement from other developed countries to also cut emissions by 80 per cent by 2050.

Agreed.

As one of the top 20 emitters, and the developed country with the highest per capita emissions, Australia must play its part in global efforts to reduce emissions over the long term. It is an object of the *Clean Energy Act 2011* to take action directed towards meeting Australia's long-term target of reducing Australia's net greenhouse gas emissions to 80 per cent below 2000 levels by 2050.

Central to Australia's plan to move to a clean energy future is the introduction of a carbon price that will cut pollution in the cheapest and most effective way and drive investment in clean energy sources such as solar, gas and wind. Under the carbon price, up to around 500 of the biggest polluters in Australia will be required to pay for their pollution, and every dollar raised will be used to support households and jobs, and to invest in clean energy and climate change programs.

To assist households with price impacts, there will be tax cuts and increases in pensions, allowances and benefits. A significant tax reform has been achieved by the raising of the tax free threshold, which will mean that over one million individuals will no longer need to file a tax return. The Government is committed to supporting jobs and competitiveness as Australia moves to a clean energy future and has designed a range of measures for this purpose. In particular, \$8.6 billion will be provided over the first three years of the carbon price through the Jobs and Competitiveness

Program. This assistance will support jobs in industries that create a lot of carbon pollution but are constrained in their capacity to pass through costs in global markets.

There will be a major expansion in support for renewable energy, including through a new \$10 billion commercially oriented Clean Energy Finance Corporation that will be created to invest in renewable energy, low emissions and energy efficiency technologies.

The Biodiversity Fund will invest around \$946 million over the next six years to help land managers store carbon, enhance biodiversity and build greater environmental resilience across the Australian landscape. Improvements in energy efficiency will help households save money on their bills and contribute to our efforts to cut pollution.

The Government continues to work with the international community to agree an effective global agreement in line with the goal to limit global average temperature increases below 2 degrees Celsius, including appropriate contributions from other major emitters.

Recommendation 3

The Committee recommends that the Government pursue the creation of an international carbon market as the primary mechanism for reducing greenhouse gas emissions.

Agreed.

The Government is committed to improving and expanding international carbon markets, including the development of new market mechanisms. Australia supports transparent and environmentally rigorous international carbon markets that facilitate broad participation and maximise incentives to mitigate. Comprehensive and well-functioning market mechanisms will assist countries to commit to, and achieve, ambitious and effective greenhouse emission reduction goals by facilitating large-scale emissions abatement opportunities at least cost. Market mechanisms will also create incentives for the innovation and diffusion of low-carbon technologies and will also be an important means for mobilising long-term private sector finance to support mitigation action in developing countries. Carbon markets already exist in nations or regions with emissions trading schemes such as the European Union, New Zealand and across a number of states in the United States.

Australia is also actively supporting developing countries to build their capacity to develop and access international carbon markets. This includes significant efforts to build developing countries' capacity to participate in a future market mechanism to reduce emissions from deforestation and forest degradation in developing countries (REDD+) and \$10 million to the World Bank administered Partnership for Market Readiness that aims to promote and pilot carbon market mechanisms in developing and emerging economies. Already nine countries (Chile, China, Colombia, Costa Rica, Mexico, Indonesia, Thailand, Turkey and Ukraine) have received funding to help them design and implement market-based schemes.

The Government will consider future bilateral links with credible international schemes and has commenced formal discussions with New Zealand and the European Commission on potential arrangements to link emissions trading schemes at an appropriate point in the future.

Australia and China have collaborated on practical action to reduce carbon emissions for many years and in March 2011 both countries agreed to strengthen this cooperation through sharing experiences with carbon pricing. China released its Climate Change White Paper in November 2011 in which it confirmed its commitment to establishing emission trading schemes as a key component of its actions to tackle climate change.

Recommendation 4

The Committee recommends that the Australian Government take the following position to COP 15 in Copenhagen, Denmark:

- *that the international community reach an agreement to stabilise greenhouse gas emissions at around 450 parts per million or lower of carbon equivalent;*
- *that the agreement distribute responsibilities for reducing greenhouse gas emissions across nations by requiring developed nations to reduce emissions by 80 per cent by 2050, with the residual reductions distributed fairly between developing and transitional nations; and*
- *that the agreement establish an international carbon market as the primary mechanism for achieving the necessary reductions.*

Noted.

The key outcome from the 2009 United Nations Climate Change Conference in Copenhagen (COP 15) was the ‘Copenhagen Accord’. The Accord, which was strongly supported by both developed and developing countries, was the first time there was agreement under the United Nations 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
- a framework for national and international monitoring of what developed and developing countries will do
- considerable financing to support emissions reductions and adaptation in developing countries.

The Accord includes developed-country commitments to collectively provide new and additional resources approaching USD 30 billion over the period 2010 to 2012. It also establishes a long-term goal for developed countries to jointly mobilise USD 100 billion a year by 2020, from a range of funding sources, in the context of meaningful actions to reduce emissions and transparency on implementation.

The Accord also includes a decision to establish a Technology Mechanism to drive innovation and diffusion of clean technology, and agreement to the need to immediately establish a mechanism for reducing emissions from deforestation and forest degradation in developing countries (REDD+).

Australia formally registered its support for the Accord in Copenhagen.

The text of the Accord can be found at: www.unfccc.int.

Recommendation 5

The Committee recommends that the Australian Government work through the Council of Australian Governments to establish a high quality integrated public transport system including light rail technology.

Noted.

The Commonwealth Government is currently working with states and territories to support the delivery of high quality integrated public transport. The Government has committed to providing more than \$7.3 billion in funding to build a greater urban public transport rail network. This funding includes \$365 million to support a light rail network for the Gold Coast and a major public transport rail initiative in every mainland state capital city. The Government is also undertaking a two phase strategic study into a high speed rail network on the east coast of Australia. The 2012-13 Budget included the announcement of the structure of the Nation Building II program. This includes a connecting people stream which will allocate funds to public transport.

In the 2011-12 Budget, the Government announced Infrastructure Australia's forward work plan to support a long term and integrated approach to infrastructure investment, including the development of a public transport strategy to improve services standards and guide investments. Infrastructure Australia is working with states and territories to identify gaps in the required infrastructure to support this strategy.

In addition, the Commonwealth Government is already supporting the establishment of high quality integrated public transport through its broader cities agenda. In 2009, the Government, through the Council of Australian Governments, agreed to a set of national criteria for capital city strategic planning which includes integrating transport and land use planning. In the National Urban Policy (NUP), announced during the 2011-12 Budget, the Government has signaled its commitment to building productive, sustainable and liveable cities. The NUP contains a number of objectives to deliver on these goals for cities, including integrated land use and infrastructure planning.

Recommendation 6

The Committee recommends that the Australian Government endeavour to move to 'full carbon accounting' to ensure that emissions resulting from forestry activities as well as biosequestration are accurately accounted for.

Agreed.

The Commonwealth Government has implemented a comprehensive international reporting system for the estimation of emissions from the land sector. Australia's national inventory incorporates the National Carbon Accounting System (NCAS) which provides accounting for greenhouse gas emissions from land based activities. Emissions are estimated through a system that combines:

- thousands of satellite images to monitor land use and land use change across Australia since 1972 that are updated annually;
- monthly maps of climate information, such as rainfall, temperature and humidity;
- maps of soil type and soil carbon;
- databases containing information on plant species, land management, and changes in land management over time; and
- ecosystem modelling – the Full Carbon Accounting Model (FullCAM).

The inventory system undergoes ongoing development to improve the accuracy of the estimates that are incorporated into Australia's international accounting and reporting obligations.

Accurate accounting of the emissions and removals of greenhouse gases from the land requires knowledge of the dynamics of carbon (for carbon dioxide and methane emissions) and nitrogen (for nitrous oxide emissions) in the landscape. The growth and life cycles of forests and agricultural crops, climate, soils, land cover change and land management are all important components of a comprehensive emissions accounting system.

For Australia, like many countries, emissions from some activities in the land sector currently sit outside the Kyoto accounting framework. Australia is working with other countries to develop new international rules that will improve their environmental effectiveness, allow tracking of verifiable and real emissions from human activity and create incentives for countries to take action to reduce emissions from the land sector including through a broader range of forestry and biosequestration activities. Australia is working towards a post-2012 international climate change outcome that delivers broader coverage of the land sector with a view to moving towards comprehensive land-based accounting in the medium term as countries improve their ability to accurately monitor and account for emissions from the land sector.

Recommendation 7

The Committee recommends that the Australian Government, through both the Council of Australian Governments and ongoing work on the Carbon Pollution Reduction Scheme, and in consultation with relevant Indigenous communities, explore ways to reduce greenhouse gas emissions from savannah burning.

Agreed.

The Carbon Farming Initiative (CFI) is a carbon offsets scheme being established by the Australian Government to provide new economic opportunities for farmers, forest growers and landholders and help the environment by reducing carbon pollution.

The Government is working with Indigenous and other stakeholders, industry, state government officials and technical experts to develop offset methodologies for CFI abatement activities that are likely to have significant uptake. Under the CFI, landholders and land managers, including Indigenous Australians, will be able to generate carbon credits for activities that reduce emissions or increase the removal and storage of greenhouse gases on the land. These activities include improved savanna fire management, feral animal management and increasing carbon storage in soils and vegetation.

Offset projects established under the CFI will need to apply methodologies approved by the Government. Methodologies will contain the detailed rules for implementing and reporting on specific abatement activities. An independent expert committee, the Domestic Offsets Integrity Committee (DOIC), has been established to assess methodologies proposed under the CFI and provide recommendations to the Minister for Climate Change and Energy Efficiency on their approval.

A methodology for savanna burning was approved on 22 February 2012. The methodology provides guidance for projects that reduce greenhouse gas emissions through changed fire management practices across savannas in the tropical north of Australia. Land managers can reduce the carbon pollution from savanna fires by moving to an early dry season burning regime that can reduce fuel loads and create fire breaks in the landscape. This decreases the frequency and extent of fires in the long term, reducing carbon pollution. The methodology was developed by the Department of Climate Change and Energy Efficiency in consultation with Indigenous stakeholders

and CSIRO scientists. It is specifically tailored to align with the aims of Indigenous landholders and land managers.

Projects that reduce emissions from savanna burning in accordance with this methodology will be eligible to generate credits under the CFI.

The Government is committed to supporting the participation of Indigenous Australians in carbon markets through the CFI. On 10 July 2011, the Prime Minister, the Hon Julia Gillard MP, announced the Clean Energy Future plan. The plan includes \$22 million over five years for the ongoing Indigenous Carbon Farming Fund, which will assist Indigenous communities to benefit from the CFI. Funding will be provided for specialists to work with Indigenous communities on carbon farming projects (administered by the Department of Sustainability, Environment, Water, Populations and Communities) and funding for research and reporting tools for CFI methodologies (administered by Department of Climate Change and Energy Efficiency) will create further opportunities for Indigenous Australians.

In 2008 the Government also committed \$10 million over four years for the Indigenous Emissions Trading scheme, under the Caring for our Country initiative to provide opportunities for Indigenous participation in emerging carbon markets. This commitment primarily focused on Indigenous fire management in northern Australia that utilise traditional, mosaic style burning practices. This initiative is jointly delivered by the Department of Sustainability, Environment, Water, Population and Communities and the Department of Climate Change and Energy Efficiency.

Recommendation 8

The Committee recommends that promising renewable energy technologies which are not cost-competitive at the moment, including geothermal, solar thermal, large scale photovoltaic and wave energy, are further supported.

Agreed.

Renewable energy generation will play an important role in reducing Australia's greenhouse emissions, and the Australian Government has introduced a number of initiatives that will significantly increase investment in renewable energy.

The Government set a Renewable Energy Target (RET) of 20 per cent of Australia's electricity to come from renewable sources by 2020. The Australian Parliament passed legislation in June 2010 to implement the enhanced RET scheme. From January 2011, the RET scheme has operated in two parts – the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET), providing greater certainty for households, large-scale renewable energy projects and installers of small-scale renewable energy systems.

The Government is substantially enhancing its support for innovation investment in renewable energy as a central element of its plan for a clean energy future. Initiatives which complement a carbon price and the RET scheme include:

- a new \$10 billion Clean Energy Finance Corporation (CEFC) to invest in the commercialisation and deployment of renewable energy, energy efficiency and low emissions technologies, as well as manufacturing businesses that produce the required inputs. The CEFC will be independent from the Government and will play a vital role in unlocking significant new private investment in the clean energy sector through a variety of funding tools; and

- a new independent Australian Renewable Energy Agency (ARENA) has been legislated. From 1 July 2012 ARENA will streamline and coordinate the administration of \$3.2 billion in existing support for research and development, demonstration and commercialisation of renewable energy and enabling technologies.

On 17 April 2012, the Government publicly released the expert review's report on the CEFC and announced that it supported all recommendations. These recommendations formed the basis of enabling legislation, which was introduced into the Parliament on 23 May 2012. The CEFC will commence investment operations from 1 July 2013.

The CEFC will use the disciplines of a commercial organisation in its investment assessments, while operating to achieve a public policy outcome and recognising the positive externalities flowing from investments. In practice, this will involve assessing investment proposals on a case-by-case basis, applying a commercial filter and using a range of tailored financing instruments.

ARENA will bring together in one independent statutory agency within the Resources, Energy and Tourism portfolio a range of initiatives previously administered separately through a range of bodies, including the Australian Centre for Renewable Energy and the Australian Solar Institute.

Around \$1.7 billion in uncommitted funding from the range of consolidated programs will be available for the ARENA Board to direct investment in new renewable energy projects between now and 2020.

The Government has a strong record of delivering support to our renewable sector and ensuring that Australians get value for money on their investments, such as through the Round 1 Solar Flagships program. The establishment of ARENA will build on this record.

Continued strong investment in renewable energy technology research and development is fundamental for Australia's transition to cleaner baseload energy sources. Government support to fill market gaps and drive down costs will help us to achieve this transition.

ARENA will have an independent decision-making Board appointed by the Government. ARENA will also have a Chief Executive Officer appointed by the Minister for Resources and Energy on the recommendation of the ARENA Board.

In October 2011 the Government announced the appointment of Ms Jillian Broadbent AO to chair an expert review panel to advise on the design of the CEFC.

Recommendation 9

The Committee recommends that the Australian Government establish a coordinating mechanism through the Council of Australian Governments (COAG) to ensure integration and coordination of greenhouse gas reduction actions across all States, Territories and levels of government, including local and State government planning processes.

Agreed.

In February 2011 COAG agreed as part of its reform of the Ministerial Council System to establish a Select Council on Climate Change (SCCC). The SCCC was formally established in January 2012 and is undertaking specific reform tasks related to tackling climate change, including coordinating energy efficiency activities, developing a national approach to assessing the complementarity of existing and future climate change measures with the carbon price mechanism, developing national adaptation priorities and work plans, providing a forum for the Commonwealth to engage with other COAG members on the implementation of the Clean Energy Future plan, and determining whether

a permanent body to discuss ongoing joint issues related to climate change is required. The SCCC held its first meeting on 4 May 2012.

Further, on 13 April 2012, COAG agreed to the establishment of an interjurisdictional task force, chaired by the Secretary of the Department of Finance and Deregulation (Commonwealth) and consisting of officials from First Ministers and Treasury portfolios, to progress six priority areas for major reform to lower costs for business and improve competition and productivity. The rationalisation of carbon reduction and energy efficiency schemes was one of these priority areas.

Recommendation 10

The Committee recommends that the Government direct the Australian Building Codes Board (ABCB) to review the Building Code of Australia (BCA) to ensure that it better provides for energy efficiency standards suitable for varied climate zones.

Noted.

The Commonwealth Government does not have the authority to direct the ABCB. The ABCB is a Commonwealth, State and Territory body operating under an Intergovernmental Agreement. It is accountable to the Building Ministers' Forum, and the Council of Australian Governments (COAG). The Commonwealth Government has referred this recommendation to the ABCB for its consideration.

Since 2003, the BCA has included minimum energy efficiency standards designed to account for Australia's varied climate zones. The BCA currently provides variations for eight different climate zones in Australia. These climate zones are based on a classification scheme developed by the Bureau of Meteorology.¹ The number of climate zones was kept to a minimum for simplicity, but are of sufficient number to distinguish between appropriate design responses in different climates. House energy rating software accredited for use under the BCA, further divides these climate zones into 69 climate regions.

The use of ventilation for passive cooling in warmer climates is encouraged. Second generation house energy rating software (adopted in 2007) is much better able to model the effects of ventilation. However, increasing rates of air-conditioner ownership indicate growing expectations for higher levels of comfort. To account for this trend, the simulation software assumes that air-conditioning will be installed at some stage, even if it is not installed originally. This ensures the house can adequately cope with heating and cooling loads should an air-conditioner be installed at any point.

While the ABCB produces and maintains the BCA as a nationally consistent set of technical provisions, each State and Territory is ultimately responsible for the building regulations that apply within their jurisdiction. This includes how climatic variations are accounted for. Some jurisdictions have introduced variations to the BCA energy efficiency provisions to address climate zone issues. For example, through the Queensland Development Code, additional star rating concessions are given for the provision of outdoor living areas to account for climate zones in that State.

Since May 2011, the BCA has comprised volumes one and two of the National Construction Code.

¹ As outlined in the paper [Feasibility Study: A national approach to energy efficiency measures for houses](#) [CSIRO for the Australian Greenhouse Office, 2000].

Recommendation 11

The Committee recommends that the Government investigate using revegetation as an adaptation mechanism to reduce temperature and increase rainfall in applicable parts of Australia.

Noted.

The Government does not consider that the weight of scientific evidence is strong enough at this time to justify an investigation into revegetation as a means to manipulate regional climate.

Recommendation 12

The Committee recommends that the Government conduct an inquiry into adaptation strategies for climate change. This inquiry should include consideration of projected sea-level rise due to climate change and its impact upon Australian coastal communities and neighbouring countries.

Noted.

In November 2010 the Government tabled a comprehensive response to the House of Representatives' Standing Committee on Climate Change, Water, Environment and the Arts report *Managing our Coastal Zone in a Changing Climate: the time to act is now* (October 2009) which addressed issues of climate change adaptation strategies for Australia's coast, including consideration of projected sea level rise.

The Productivity Commission is also undertaking an inquiry into regulatory and policy barriers to effective climate change adaptation. In undertaking the inquiry, the Commission will identify any specific barriers that inhibit effective adaptation to unavoidable climate change, and high priority options for addressing those barriers. The Commission is to:

- examine the costs and benefits of the options to address those barriers where it is feasible to do so, including a 'no change' (maintaining the status quo) option
- assess the role of markets (including insurance markets) and non-market mechanisms in facilitating adaptation, and the appropriateness of government intervention.

The Commission will produce both a draft and final report, due by September 2012, and will hold public hearings. A draft report was released on 27 April 2012.