

RECOMMENDATIONS

Chapter 2 - The Potential Impacts of Global Warming

Recommendation 1

The Committee recommends that the Commonwealth Government make a strong public statement on its position on the science of climate change and initiate an awareness raising campaign to communicate the issue of climate change to the broader community.

Recommendation 2

The Committee recommends that adequate funding be provided to:

- **enable the CSIRO to continue work on the underlying science of climate change;**
- **work on the nature of potential impacts of climate change in the Australasian region, possibly through new or existing CRCs; and**
- **work on the potential social, economic and environmental costs of the impacts of climate change on Australia, particularly at a regional level.**

Recommendation 3

The Committee recommends that Australian universities be encouraged to establish departments and courses that focus on atmospheric or climate change science, and that funding be provided to support such initiatives.

Australian Democrats Recommendation 1

The Australian Democrats recommend that a minimum of \$100 million in funding should be provided over the next four years for climate change science.

*Chapter 3 - The Framework Convention on Climate Change and the Kyoto Protocol***Recommendation 4**

The Committee recommends that future work undertaken by ABARE on the economic impact of climate change and greenhouse gas abatement should:

- **be subject to wide-ranging peer review to ensure open and objective reporting; and**
- **incorporate opportunities for low cost and negative cost abatement.**

Recommendation 5

The Committee recommends that strict rules to govern the use of carbon sinks should be included in any emissions trading framework developed by the Parties to recognise the uncertainties in measurement and the long term security risks.

Recommendation 6

The Committee agrees that the integrity of the Kyoto Protocol rests on its ability to deter non-compliance and recommends that the Australian Government works with the Parties towards the adoption of firm sanctions for non-compliance.

Recommendation 7

The Committee recommends that the Australian Government support the development of a reporting mechanism under the Kyoto Protocol which will identify and assist those Parties falling behind in Protocol emissions targets.

Recommendation 8

The Committee recommends that credit for activities should only be provided for activities that are additional to those which would have been undertaken under a 'business as usual' situation.

Recommendation 9

The Committee recommends that the Commonwealth Government oppose in future international negotiations, any proposals for the inclusion of nuclear technology in the Clean Development Mechanism.

Australian Democrats Recommendation 2

The Australian Democrats recommend that the Commonwealth Government oppose in future international negotiations, any proposals for the inclusion of clean coal or sinks in the Clean Development Mechanism.

Recommendation 10

The Committee recommends that the Commonwealth Government take a leadership role in international negotiations on climate change, with a view to moving through Australia's treaty-making process in a timely manner to achieve ratification of the Kyoto Protocol, including:

- **urging other countries to ratify the Protocol;**
- **starting to work constructively with developing countries to encourage them to adopt binding targets as soon as possible and to ensure global emissions constraints; and**
- **ensuring adequate targets are in place beyond the first commitment period to stabilise atmospheric concentrations of greenhouse gases.**

Chapter 4 – Australia's Greenhouse Performance and Strategy

Recommendation 11

The Committee recommends that the first report on the progress of the National Greenhouse Strategy, which is to be tabled in Parliament in early 2001, should:

- **include an assessment of the progress, implementation and effectiveness of each measure;**
- **include an estimate of emissions reductions for each measure;**
- **clearly identify where information is lacking and progress remains unsatisfactory, and**
- **assess performance against prior pledges, including performance against expected emissions reductions.**

Recommendation 12

The Committee recommends that the major review of the National Greenhouse Strategy currently planned to be conducted during 2002 be brought forward to 2001 to immediately follow the release of the first report.

Recommendation 13

The Committee recommends that the Commonwealth Government incorporate the reduction of greenhouse emissions as a central objective across the whole-of-government and in all policy formulation. All relevant areas of Government, including transport and treasury, should be required to include greenhouse abatement in policy development and report on progress in their annual reports.

Recommendation 14

The Committee recommends that all agencies of the Commonwealth Government be required to develop quantified emissions reduction targets for all emissions from their operations.

Recommendation 15

The Committee recommends that performance against emissions targets should be monitored, independently and transparently assessed, and reported in annual reports.

Recommendation 16

The Committee recommends that government develop greenhouse accounting tools for the private sector and provide tangible recognition and encouragement to those organisations which apply in-house mechanisms such as emissions trading or de-facto carbon taxes.

Australian Democrats Recommendation 3

The Australian Democrats recommend that the Commonwealth Government apply a tax on all energy used within its departments at the rate of \$10/tonne of CO₂. These funds should be allocated to investments in emissions reduction for Government operations. Agencies could be allowed to determine how they spend those funds, or unallocated funds be allocated to the Australian Greenhouse Office to invest in the most cost- and greenhouse-effective manner. The Australian Democrats recommend that state and local governments be encouraged to match this measure.

Recommendation 17

The Committee recommends that the states and territories set out emissions reduction benchmarks and objectives for all relevant areas of government. Areas such as energy use, buildings and planning, transport and vehicle fleets, and administrative services should be a priority. Performance against such benchmarks should be regularly, transparently and independently assessed.

Recommendation 18

The Committee recommends that state and territory governments adopt the reduction of the greenhouse intensity of energy supply and transport as a key criteria in the assessment of new projects.

Recommendation 19

The Committee recommends that states and territories with outstanding implementation plans submit them to the Commonwealth by the end of 2000. The plans should, at a minimum, outline the measures they will implement under the National Greenhouse Strategy, any additional measures they will undertake, progress towards and timelines for their completion, and estimates of the emissions savings from the measures.

Recommendation 20

The Committee recommends that the states and territories support their greenhouse plans with adequate levels of budgeted funding.

Recommendation 21

The Committee recommends that the Commonwealth take a leadership role in facilitating the states and territories, industries and other key groups to set clearer directions on greenhouse abatement, based on what their 'fair share' of emissions limits under Kyoto and subsequent commitments is, and in particular:

- to assist parties to improve monitoring and accountability of greenhouse abatement performance, to identify trends and to evaluate performance against benchmarks (such as greenhouse gas emissions as a proportion of Gross State Product); and
- to assist industry to achieve 'world's best' emissions levels per unit while preparing for a carbon constrained future.

Recommendation 22

The Committee recommends that the Commonwealth Government make further efforts to assist smaller state and territory governments or regional communities develop greenhouse strategies and responses. The Committee recommends that the Commonwealth Government improve communications, dialogue and technical cooperation between the Commonwealth and the states and territories.

Recommendation 23

The Committee recommends that a clear strategy be developed and coordinated at the national level to effectively communicate the issues associated with greenhouse gas emissions and climate change to the broader community.

Recommendation 24

The Committee recommends that all levels of government take responsibility for raising awareness about climate change and current greenhouse gas abatement policies and programs.

*Chapter 5 – Energy Use and Supply***Recommendation 25**

The Committee recommends that the Commonwealth and the states and territories seek greater transparency from large electricity consumers about the prices they pay for electricity if those prices are fixed outside the pool.

Recommendation 26

The Committee recommends that state and Commonwealth governments seek to publicly disclose details of any arrangements under which public monies are effectively subsidising large industrial users through the provision of low electricity prices.

Recommendation 27

The Committee recommends that the states ensure that any future privatisation plans are the subject of full and open public debate and take account of the potential greenhouse implications of the sales. Prices should reflect a future market which is likely to be constrained by mandatory pressures to reduce emissions.

Recommendation 28

The Committee recommends that a national strategy be developed to reduce the emission intensity of, and constrain the growth in overall emissions levels, from the electricity generation sector. Such a strategy should include national emission intensity standards for electricity generators.

Recommendation 29

The Committee recommends that the states and territories agree to set mandatory targets to progressively increase the total proportion of electricity generated from efficient power plants and low greenhouse intensity fuels.

Recommendation 30

The Committee recommends that the Council of Australian Governments designate the reduction of harm to the environment as a goal of ongoing energy market reform, with a specific requirement for the reduction of the greenhouse intensity of power generation.

Recommendation 31

The Committee recommends that the National Competition Council incorporate benchmarks for the reduction of the greenhouse intensity of power generation into its assessment of governments' progress on national competition policy reforms.

Recommendation 32

The Committee recommends that the Government, the National Electricity Code Administrator and the Australian Competition and Consumer Commission work closely with the cogeneration industry to ensure that transmission pricing regimes truly reflect the costs and distance of transmission and contain no biases against embedded generation and cogeneration.

Recommendation 33

The Committee recommends the immediate introduction of amending legislation that will designate greenhouse gas emissions as matters of national environmental significance under the *Environmental Protection and Biodiversity Conservation Act 1999*, and that it be designed so as to incorporate new projects, capacity expansions and recommissioned plant that would produce large amounts of new emissions sources.

Recommendation 34

The Committee recommends the proposed addition of a greenhouse trigger to the *Environmental Protection and Biodiversity Conservation Act 1999* be designed to ensure that transmission augmentation projects which will have a significant impact on electricity emissions will be subject to environmental impact assessment.

Recommendation 35

The Committee recommends that the introduction of a greenhouse trigger be accompanied by the announcement of general principles or other policy objectives that will guide the assessment of new projects.

Recommendation 36

The Committee recommends that a full evaluation be made of the long term greenhouse emission impacts of the Basslink project.

Recommendation 37

The Committee recommends that any decision to proceed with Basslink take into account the impact of the NEM reforms agreed to by the Australian governments under the National Greenhouse Strategy.

Recommendation 38

The Committee recommends that Australian governments streamline and coordinate their processes for developing and implementing world's best practice energy efficiency standards for products, manufacturing processes and building design, with a view to the earliest possible adoption of world's best practice standards.

Recommendation 39

The Committee recommends that Australian governments at all levels expand awareness programs for consumers, business and industry and encourage the development of expertise in energy efficiency solutions and programs.

Recommendation 40

The Committee recommends that the inclusion of energy efficiency and greenhouse considerations into the Building Code of Australia be given priority for implementation.

Recommendation 41

The Committee recommends that the Government set a target for the Australian renewable energy industry to capture 5 per cent of the global renewable energy market by 2015, and designate renewable energy as a strategic industry.

Recommendation 42

The Committee recommends that the Commonwealth Government in consultation with the industry develop an aggressive industry development program for the Australian renewable energy industry.

Recommendation 43

The Committee recommends consideration of a range of options for the renewable energy industry including tax incentives, R&D grants, market and regulatory reforms and continuing assistance with commercialisation.

Australian Democrats Recommendation 4

The Australian Democrats recommend that carbon levy revenues also be considered as a source of funds for renewable energy programs.

Recommendation 44

The Committee recommends that the Commonwealth set up specific programs under Austrade and Ausaid to promote the export and transfer of Australian and sustainable energy technology to developing countries.

Australian Democrats Recommendation 5

The Australian Democrats recommend that the Commonwealth Government conduct studies to identify the full costs of energy supply on a regional and time basis and that, where prices are below those costs, make compensating subsidies available to sustainable energy alternatives in those areas or satisfying loads at those times.

Australian Democrats Recommendation 6

The Australian Democrats recommend that Australian governments prepare to set time frames to replace coal-fired power with a mixture of gas and renewables, with the proportion of renewable energy steadily increasing until the Australian economy is predominantly based on renewable sources some time after 2050.

Chapter 6 - Transport Emissions and Solutions

Recommendation 45

The Committee recommends that the Bureau of Transport Economics' report on the economic policy instruments relating to transport be made public immediately. The Committee recommends that the planned meeting of transport ministers to consider the report be broadened to include the respective environment ministers and/or ministers responsible for greenhouse issues.

Recommendation 46

The Committee recommends that the Commonwealth work with the states to consider the following measures proposed by the Institute for Sustainable Future University of Technology, Sydney:

- **strengthen the role of Departments of Transport and/or Urban Planning in integrated transport solutions;**
- **increase taxes on car parking in centres that are well served by public transport;**
- **create and enforce an extensive network of transit lanes in cities;**
- **a national system of mass and distance charges for heavy trucks travelling in Australia's populous zone;**
- **integrated ticketing and fares for public transport within cities;**
- **local consultative committees in local government areas with the aim of improving local public transport services and use;**
- **improve funding for cycleways and bicycle parking at key local destinations; and**
- **create incentives for ownership and use of low-emission vehicles, including low-speed electric motor-assisted vehicles (such as scooters and buggies).**

Recommendation 47

The Committee recommends that the Government carry out a review of Fringe Benefits Tax legislation to remove the incentive for employers to include motor vehicles for private use in salary packages, to remove financial rewards for travelling more kilometres in a vehicle under a novated lease, and to generally remove barriers to employees using alternatives to single occupancy of cars in commuting.

Recommendation 48

The Committee recommends that the Government introduce Fringe Benefits Tax deductions for the inclusion of public transport and cycling commuting expenses in salary packages.

Recommendation 49

The Committee recommends that public transport fares be considered for exemption from (or zero rated for) GST.

Recommendation 50

The Committee recommends that the proposed new Energy Credit Scheme be used to gradually phase out diesel fuel rebates and credits. The Committee supports the use of other greenhouse-neutral compensatory measures to ensure that such a phase-out does not lead to greater hardship in rural and remote areas.

Recommendation 51

The Committee recommends that a national strategy be developed with vehicle manufacturers to increase the availability of alternative fuel vehicles.

Recommendation 52

The Committee recommends that agencies be encouraged to purchase alternative fuel and hybrid electric petrol vehicles as they replace their fleet and as one mechanism to achieve efficiency targets.

Recommendation 53

The Committee recommends that the Commonwealth Government facilitates joint purchasing arrangements for Commonwealth agencies to exercise maximum leverage over Australian manufacturers in providing fuel-efficient cars.

Recommendation 54

The Committee recommends that the Government, in consultation with the states, develop a communications strategy to educate consumers about:

- **the benefits of using public transport, walking and cycling;**
- **the benefits of cleaner, quieter, more fuel-efficient vehicles;**
- **the whole-life environmental impacts of second hand vehicles; and**
- **the benefits of better vehicle maintenance and ‘greener’ driving.**

Recommendation 55

The Committee recommends that a review be conducted to identify opportunities to improve environmental outcomes in vehicle maintenance, particularly in relation to frequency, service standards and personnel training.

Recommendation 56

The Committee recommends that the Commonwealth Government cooperate with the states in developing proposals for new and improved rail infrastructure and services. Costings should include quantified greenhouse reductions and other health and pollution mitigation benefits.

Recommendation 57

The Committee recommends that the Commonwealth Government commit to provide substantial funding for new urban as well as regional rail infrastructure and improvements to existing infrastructure as part of a cooperative strategy with the states.

Recommendation 58

The Committee recommends that the Commonwealth Government cooperate with the states and territories in assessing priorities for the improvement of interstate mainline rail infrastructure, with a view to improving rail competitiveness and efficiency in the carriage of both passengers and freight. The assessment should consider needed improvements in track speeds and weight thresholds, improvements in access to ports, industrial sites and population centres, improvements in training and expertise, and ownership and organisational structures.

Recommendation 59

The Committee recommends that the Commonwealth Government work with state and local governments to urgently assess needs for new and improved public transport infrastructure and services as an additional measure to the 'forum' set up under the National Greenhouse Strategy and to be completed within 3 years.

Recommendation 60

The Committee recommends that the Commonwealth Government work with state and local governments to scope and develop new public transport proposals (including quantified projections for savings in greenhouse emissions) and develop cooperative long term funding models with the aim to achieve firm commitments to realise major new projects in the short-to medium-term.

Recommendation 61

The Committee recommends that the Commonwealth adopts integrated transport planning so that all transport funding proposals include an assessment of environmental impacts and alternative transport solutions. Funding allocation decisions should be based on clear and accepted principles, and be subject to the highest standards of transparency and accountability.

Recommendation 62

The Committee recommends that the consideration of bikeways and pedestrian access be required for all new Commonwealth-funded road construction.

Australian Democrats Recommendation 7

The Australian Democrats recommend that the Commonwealth Government review the current road and transport funding model, with a view to incorporating road funds into a common transport fund. This common fund should be drawn on for a whole range of investments and projects: urban and interstate rail, public transport, major roads and cycling infrastructure. Greenhouse abatement, and the development of new rail and public transport infrastructure, should be priorities in the allocation of monies from such a fund. Allocation decisions should be based on clear and accepted principles, and be subject to the highest standards of transparency and accountability.

Recommendation 63

The Committee recommends that greenhouse abatement and other environmental goals be incorporated into transport policies, and taxation and planning policies which affect transport, as fundamental and governing priorities.

Recommendation 64

The Committee recommends that Commonwealth, state and local government should adopt challenging quantitative emissions reduction targets for their fleets within 2 years and that business be encouraged to do likewise.

Recommendation 65

The Committee recommends that work be undertaken to ensure the regular and comprehensive reporting of transport statistics such as passenger motor vehicle and public transport usage, walking and cycling patterns, safety, rail and road freight, etc.

*Chapter 7 – Carbon and the Land***Recommendation 66**

The Committee recommends that the approach taken by the Government to international negotiations on the inclusion of sinks should be based on the following principles:

- **that sinks activity in the Clean Development Mechanism should be consistent with the principles of ecological sustainability and that appropriate project guidelines be included to minimise potential adverse socioeconomic and environmental impacts;**
- **the sinks activity in the Clean Development Mechanism should complement other activities to reduce emissions at source;**
- **that the credibility of the use of sinks relies on the credible, verifiable, and transparent recording and reporting of changes in carbon stocks and/or changes in greenhouse gas emissions by sources and removals by sinks;**
- **that sink activities undertaken for climate change mitigation purposes should not result in native forests being cleared to establish plantations; and**

that it is desirable for the second commitment period to start immediately after the first commitment so that reporting on sink activities is contiguous.

Recommendation 67

The Committee recommends that regular briefings for all stakeholders are held on the progress of the National Carbon Accounting System and the outcomes of work as it is finalised.

Recommendation 68

The Committee recommends that steps be taken to ensure that no native forest/vegetation is cleared for the purpose of establishing carbon sinks, that no tradeable carbon credits be allocated under a domestic emissions trading scheme where this has occurred, and that an emissions debit be recorded.

Recommendation 69

The Committee recommends that the Tasmanian Government, in cooperation with local councils, farmers organisations and the forestry industry investigate the concerns about plantation developments raised by the Native Forest Network Southern Hemisphere.

Recommendation 70

The Committee recommends that the Government, in consultation with all stakeholders and the forestry industry, undertake a public inquiry into the potential for plantations as a carbon store, including an assessment of the broader regional environmental, social and economic implications.

Recommendation 71

The Committee recommends that any approach taken to credit carbon sinks should take into account uncertainties surrounding the international debate and should be consistent with any international framework.

Recommendation 72

The Committee recommends that the incorporation of carbon credits in a domestic emissions trading system be limited to Kyoto eligible sinks and:

- subject to monitoring and reporting requirements consistent with the Kyoto Protocol;
- subject to an independent verification process to ensure transparency and credibility of reports;
- subject to permanence and biodiversity requirements; and
- complemented by activity aimed at reduction of emissions at source.

Australian Democrats Recommendation 8

The Australian Democrats recommend that a cap be set on the number of sinks credits that any one company or country can use to offset emissions.

Australian Democrats Recommendation 9

The Australian Democrats recommend that credits are issued based on a ‘tonne year accounting approach’ after third party assessment of the sequestration and under clear monitoring provisions.

Recommendation 73

The Committee recommends that sink rules comply with the Convention on Biological Diversity and that activity in native forests, woodlands and rangelands that threatens biodiversity protection, be explicitly excluded from eligibility for carbon credits under a domestic emissions trading system.

Australian Democrats Recommendation 10

The Australian Democrats recommend that reforestation and afforestation credits are only made available for plantings that enhance local biodiversity and are not detrimental to water sources.

Recommendation 74

The Committee recommends that the Australian Greenhouse Office coordinate the development of a National Policy Framework for Greenhouse Sinks, which:

- **is developed in partnership with state and territory governments and relevant stakeholders; and**
- **is informed by the outcomes of the international negotiations on the scope of sink activities to be included in the Kyoto Protocol.**

The policy framework should identify principles to guide the establishment of sink activities and consider, but not be limited to:

- **the protection and enhancement of the native forest estate and native vegetation;**
- **the impact on the environment of plantations versus environmental plantings or revegetation;**
- **socioeconomic impacts on regional and rural communities;**
- **opportunities for the facilitation and development of new industries particularly in regional communities;**
- **the opportunities for broadscale activity to address significant environmental issues such as dryland salinity, land clearing, and sustainable land management;**
- **how sink activities may best be integrated with existing land uses such as grazing;**

- legislative mechanisms for the recognition of carbon rights;
- cost effectiveness of the range of sink activities; and
- the role of partnerships in achieving outcomes.

Recommendation 75

The Committee recommends that a National Policy Framework for Greenhouse Sinks do the following:

- give priority to actions that will protect and enhance the native forest estate and native vegetation;
- provide for research and development into native species reforestation and revegetation activities which enhance carbon sequestration;
- provide funds for rural strategies that will facilitate greenhouse abatement and broader environmental outcomes such as the establishment of fuel plantations in salinity affected areas, and biomass based cogeneration plants for agro-industrial plants in rural regions;
- set out the accounting framework to be used and establish an independent verification process; and
- establish the framework for the trading of carbon credits domestically and define the range and scope of sink activities that will be recognised in a national emissions trading system.

Recommendation 76

The Committee recommends that Australian government, industry and scientific community should continue to monitor research into alternative methods of carbon sequestration, and to support it where such methods seem promising and prudent.

Recommendation 77

The Committee recommends that the reduction of greenhouse gas emissions from agricultural production be a focus of the Natural Resource Management Strategy currently under development.

Recommendation 78

The Committee recommends that a greater level of support be sought from governments and industry for research and development in emissions reduction opportunities in the livestock industries. This could be facilitated by provision of seed funding by the Commonwealth or matching funding from the Commonwealth to industry funds.

Recommendation 79

The Committee recommends that the Standing Committee on Agriculture and Resource Management (SCARM) work program be enhanced with the aim of:

- **improving understanding of agricultural producers about greenhouse;**
- **involving agricultural producers in identifying options and solutions; and**
- **identification of options where sustainable land management leads to reductions in emissions and greater productivity.**

Recommendation 80

The Committee recommends that greater attention and priority be given by all governments to meet the objectives of National Greenhouse Strategy relating to agricultural management practices.

Recommendation 81

The Committee recommends that the Commonwealth, states, and territories introduce strong national controls on land clearing as a matter of urgency.

Recommendation 82

The Committee recommends the Commonwealth act with some urgency to provide protection for ‘of concern’ regional ecosystems, and provide compensation to landholders where warranted.

Recommendation 83

The Committee recommends that the Commonwealth allocate funds for rural strategies that assist in greenhouse responses such as fuel plantations in salinity affected areas and biomass-based cogeneration plants for agro-industrial plants in rural regions.

*Chapter 8 – The Greenhouse Challenge***Recommendation 84**

The Committee recommends that the Greenhouse Challenge Program:

- **establish benchmarks for emissions abatement by sectors of activity;**
- **assess participants in relation to relevant benchmarks; and**
- **assess participants in relation to Australia’s overall target.**

Recommendation 85

The Committee recommends that the Australian Greenhouse Office develop its capacity to verify and compare the emissions output of individual enterprises to sectoral benchmarks and make these sectoral benchmarks publicly available.

Recommendation 86

The Committee recommends that the Greenhouse Challenge Program require participants to develop their emissions forecasts using business as usual methodologies.

Recommendation 87

The Committee recommends that all companies be required to verify assessments of Greenhouse Challenge Program emissions savings and to publicly disclose details.

Recommendation 88

The Committee recommends that any changes to the level of forecast emissions savings by Greenhouse Challenge Program members made after the signing of Cooperative Agreements be publicly disclosed.

Recommendation 89

The Committee recommends that verification be funded by industry, while remaining independent of industry.

Recommendation 90

The Committee recommends that the terms of advertising for the Greenhouse Challenge Program be made clear in each advertisement.

Recommendation 91

The Committee recommends that advertising of the Greenhouse Challenge Program featuring one or more of its members, be funded through a contribution by all Program members to a consolidated advertising fund.

Recommendation 92

The Committee recommends that the Greenhouse Challenge Program give greater attention to the development of sectoral analysis and reporting. This should be consistent with international reporting guidelines.

Recommendation 93

The Committee recommends that the Greenhouse Challenge Program be reviewed with a view to structure the Program as a transitional strategy to build industry capacity for a future emissions trading scheme.

Recommendation 94

The Committee recommends that a future emissions trading system be designed to ensure that companies are not penalised for early emissions abatement activity.

Australian Democrats Recommendation 11

The Australian Democrats recommend that the Government explore mechanisms for protecting the baseline of each Greenhouse Challenge Program member, on the basis that such baselines record reductions that are independently verified.

Recommendation 95

The Committee recommends that the Australian Greenhouse Office assess whether proposals to extend the Greenhouse Challenge Program would be more effectively dealt with other programs or by legislation.

*Chapter 9 – Emissions Trading***Recommendation 96**

The Committee recommends the early introduction of a domestic emissions trading system, with the aim to build capacity and experience, encourage uptake of fuel switching and energy efficiency and position Australia to lead the international debate in the development of a global trading scheme.

Recommendation 97

The Committee recommends a phased introduction of an emissions trading scheme, with the possible introduction of a voluntary scheme in advance of a mandatory scheme, designed to direct the economy on a path to meeting Australia's Kyoto target in the first commitment period, and to meet potentially lower targets in the subsequent and later commitment periods.

Australian Democrats Recommendation 12

The Australian Democrats recommend that the Commonwealth Government, in advance of a domestic emissions trading system, phase in a small carbon levy from 2003 to provide a signal to Australian industry. Where industry can demonstrate that this levy adversely affects its international competitiveness some or all of those payments could be rebated or returned as a contribution to fund investment in emissions abatement actions within that industry.

Australian Democrats Recommendation 13

The Australian Democrats recommend that the Commonwealth Government use the revenue from the carbon levy to fund a ‘Reverse Carbon Tax’ incentive program. The program should provide financial incentives linked to the size of lifecycle emissions savings (at a rate of \$x/tonne of CO₂ avoided) for the manufacturers of low greenhouse impact appliances and equipment and builders of energy-efficient buildings and other approved projects.

Recommendation 98

The Committee recommends that a future emissions trading scheme be as comprehensive as administratively feasible, taking in a wide range of sources and emitters.

The Committee acknowledges that an emissions trading scheme will not achieve all desirable emission reductions, and recommends that consideration be given to complementary policy measures.

Australian Democrats Recommendation 14

The Australian Democrats recommend that a future domestic emissions trading system be designed so that the environmental costs of transport are internalised into market decisions and consumer behaviour. The Committee recommends that, if necessary, emissions trading be supplemented by a range of policies which reward more responsible technologies, investments and behaviour, and which can ensure the availability of high quality transport alternatives that are less emissions-intensive.

Recommendation 99

While recognising that a hybrid approach to permit allocation may be desirable in the short term, the Committee recommends that allocation of permits by auction be considered as the basis for a domestic emissions trading system.

Where interim concessional allocations are made, the Committee recommends that they be made on the basis of clear and widely accepted principles (such as life-cycle greenhouse benefits, a severe loss of international competitiveness, or credit for early action) and require recipients to agree to emissions reduction targets.

Recommendation 100

Where carbon leakage is likely because an activity competes with activities in countries not bound by emissions reduction targets, the Committee recommends that measures be implemented to minimise the disadvantage. This may include the allocation of concessional permits on the basis of clear and transparent criteria.

Recommendation 101

The Committee recommends that Government seek to ensure that a future emissions trading system does not penalise early action to reduce greenhouse emissions.

Recommendation 102

The Committee recommends that any use of permit allocation to reward early action to reduce greenhouse emissions be treated with caution, and ensure that reductions are verifiable and calculated from a date following the announcement of a reward for early actions scheme.

Recommendation 103

The Committee recommends that businesses that comply with specified accounting practices and protocols should be guaranteed that the emissions reduction actions will be considered in future policy development.

Recommendation 104

The Committee recommends that a national emissions trading system be supplemented by a range of policies which will stimulate emissions reductions in sectors for which it is difficult to provide coverage or which do not respond to price signals.

In particular, policies to provide public transport alternatives to the use of private motor vehicles, and to promote the development and takeup of renewable energy, need to be a priority.

Chapter 10 - Convention on Climate Change (Implementation) Bill 1999

Recommendation 105

The Committee does not support the passage of the Convention on Climate Change (Implementation) Bill 1999 in its current form.

The Committee recommends that comprehensive greenhouse legislation be developed as soon as possible and when greater certainty is established in relation to domestic and international greenhouse gas abatement targets and measures.

Recommendation 106

The Committee supports the immediate addition of greenhouse emissions to the *Environmental Protection and Biodiversity Conservation Act 1999* to act as a trigger for environmental impact assessment of new projects which could cause the production of significant new greenhouse gas emissions.