



Australian Government  
Climate Change Authority



# Special Review: Australia's climate policy options

**Webinar 3 February 2016**

Shayleen Thompson – Acting CEO

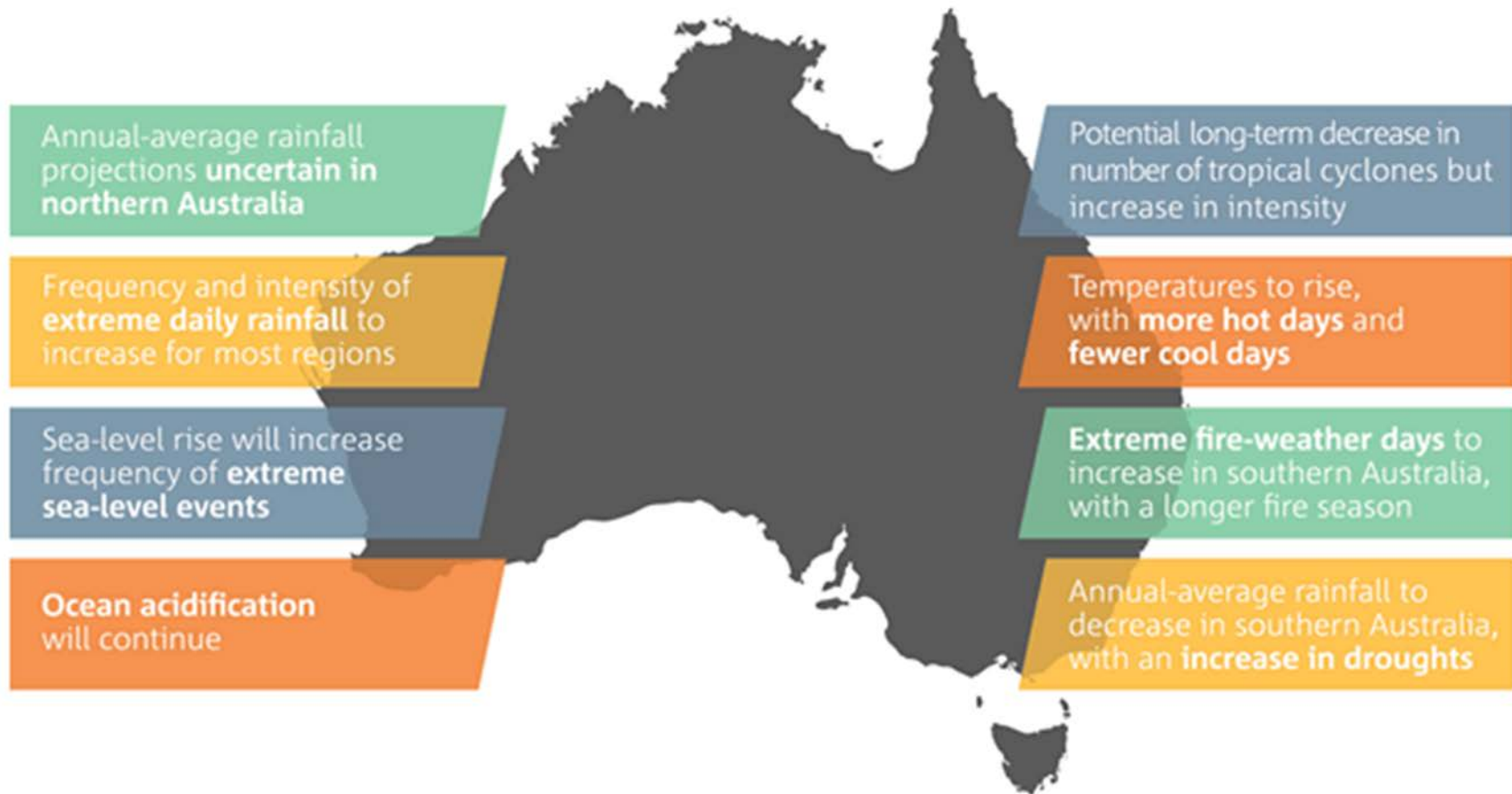
Kath Rowley – General Manager

# Special Review

Minister for Environment requested a Special Review to:

- Provide recommendation on targets (completed)
- Assess whether Australia should have an emissions trading scheme
- Recommending action Australia should take to implement outcomes from the Paris Summit
  - Final report due 30 June 2016

# Climate change impacts in Australia



# Context for the Review

## Paris outcome

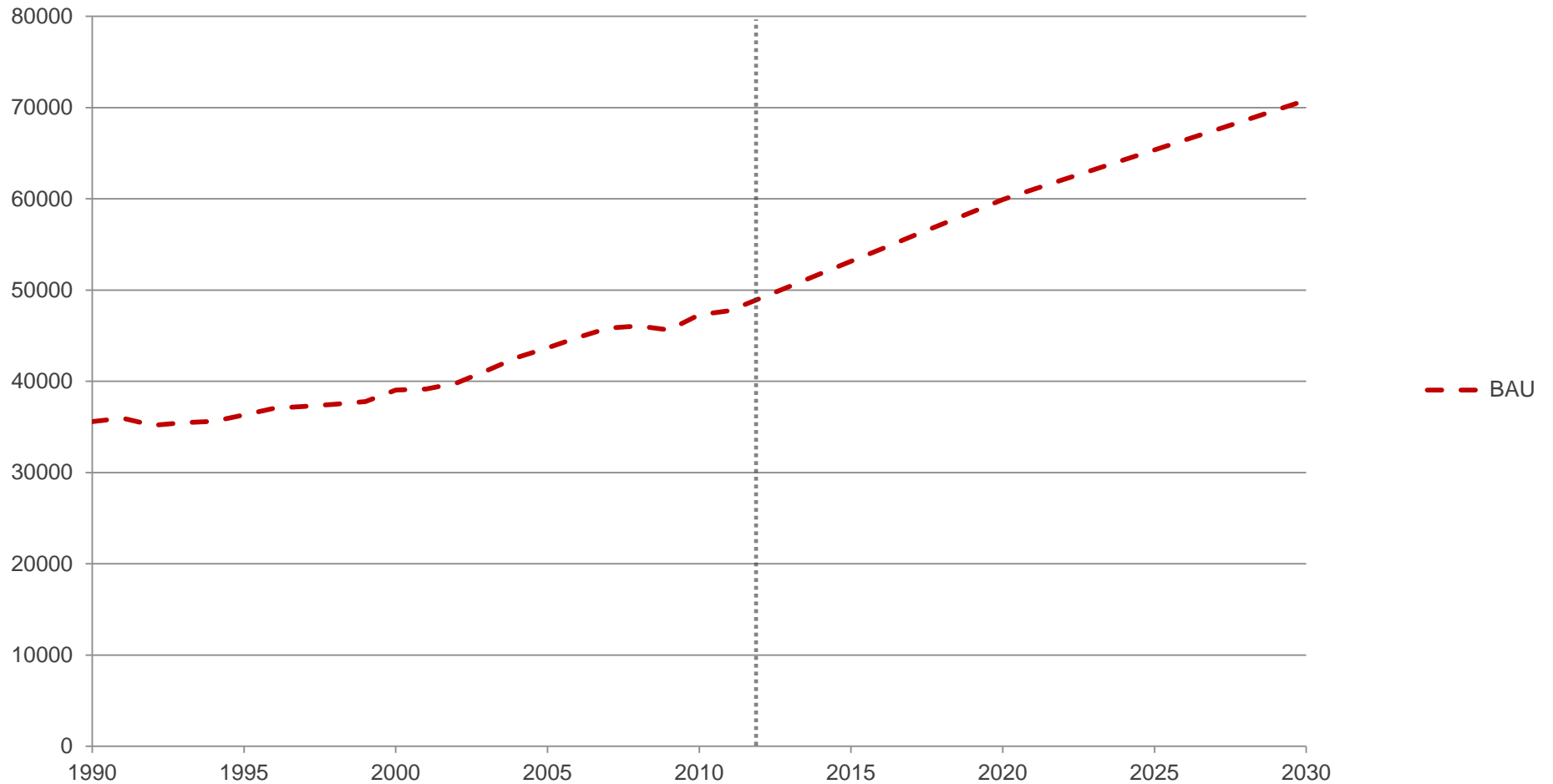
- nearly 190 countries pledged to reduce emissions
- stronger, more specific global goal
  - limit warming to well below 2 degrees and try to limit to 1.5 degrees
  - peak emissions as soon as possible, and net zero in second half of century
- regular global stocktake: first in 2018 then every five years
- five yearly national pledges: must build on ambition over time

## Australia's contribution

- Government's 2030 target: 26-28 per cent below 2005 levels
- broad recognition new policies needed to meet target
- Government policy and target review in 2017



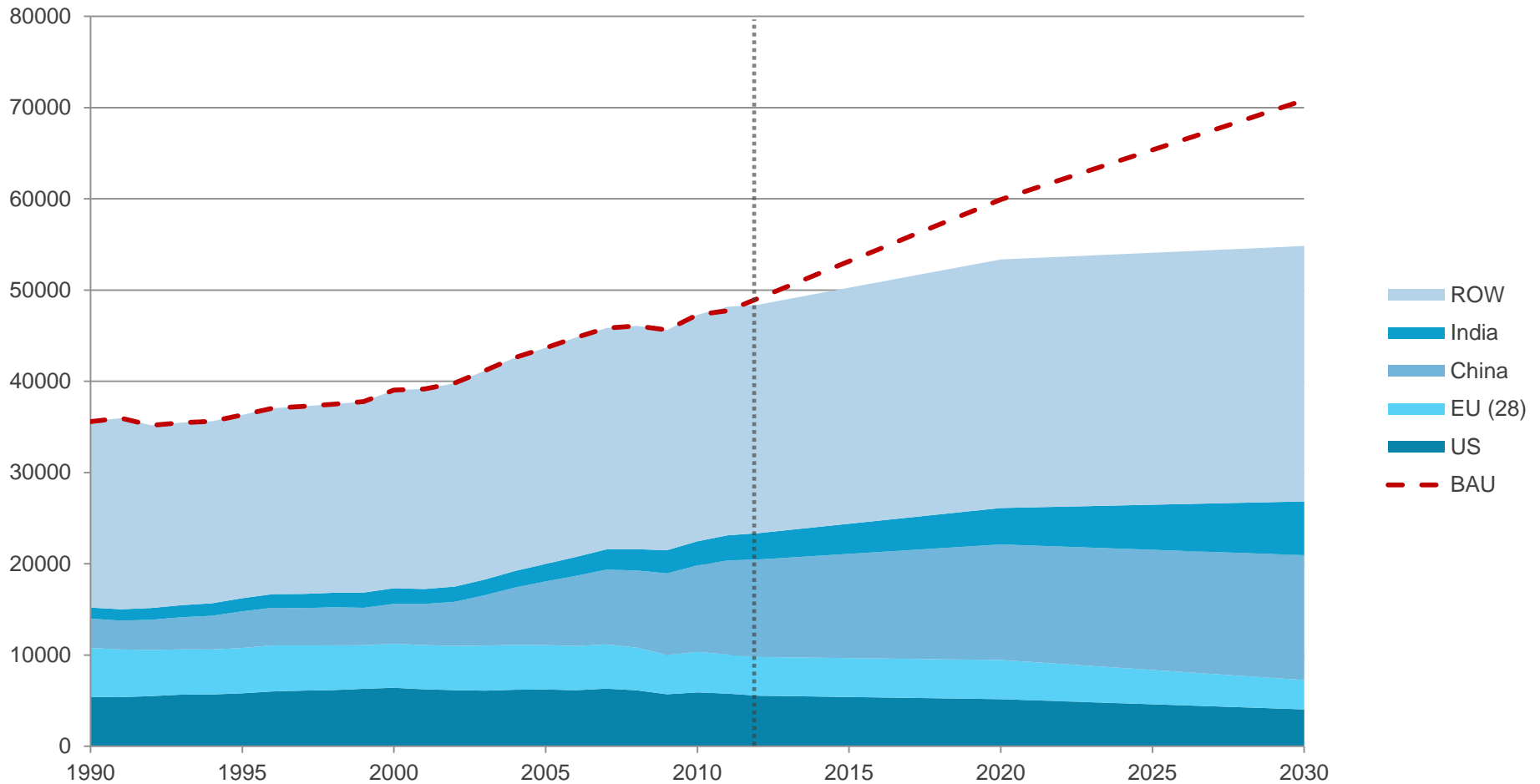
# Pledges will make a difference



Source: CCA analysis based on data from UNFCCC, IPCC and CAT



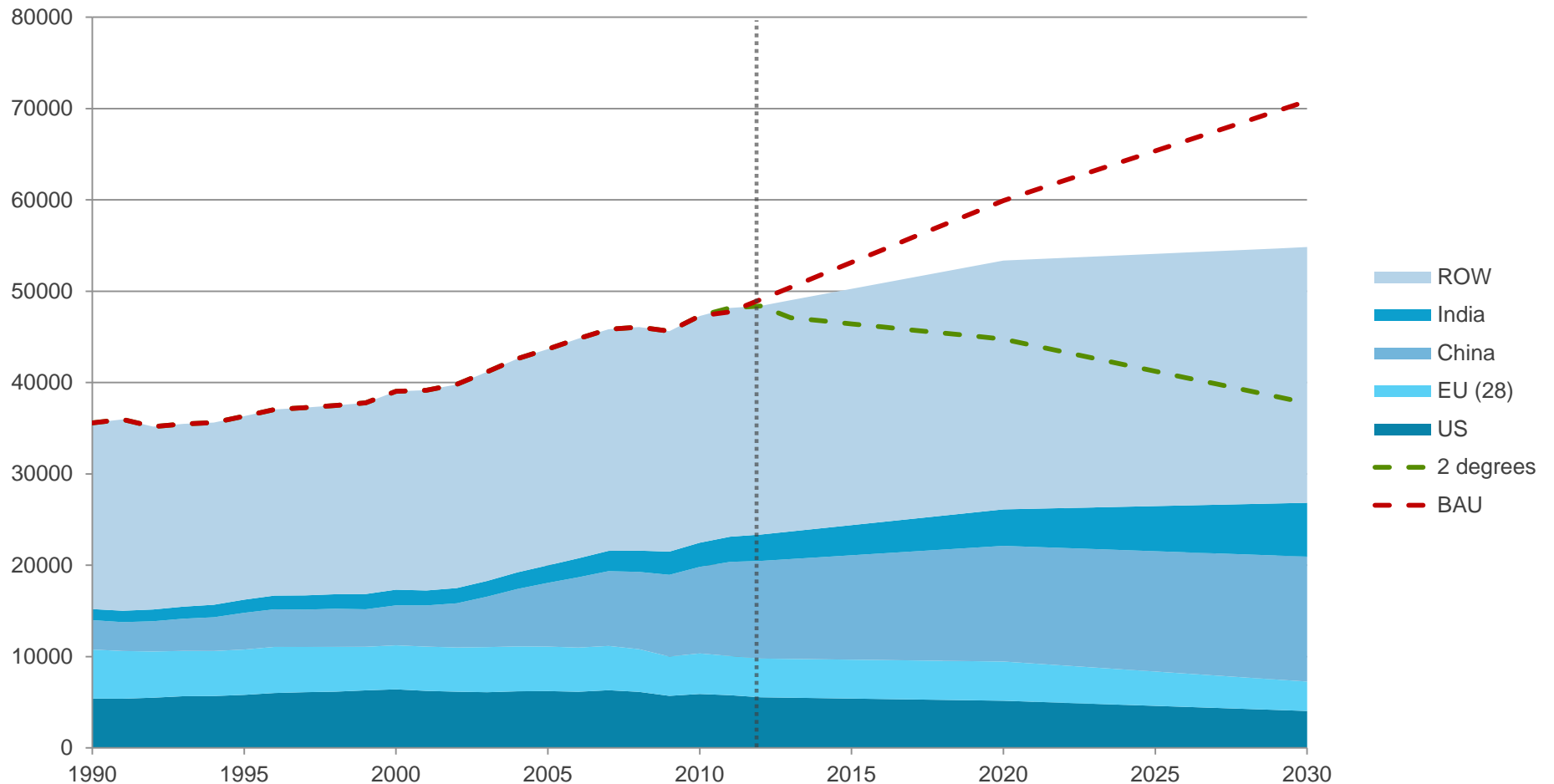
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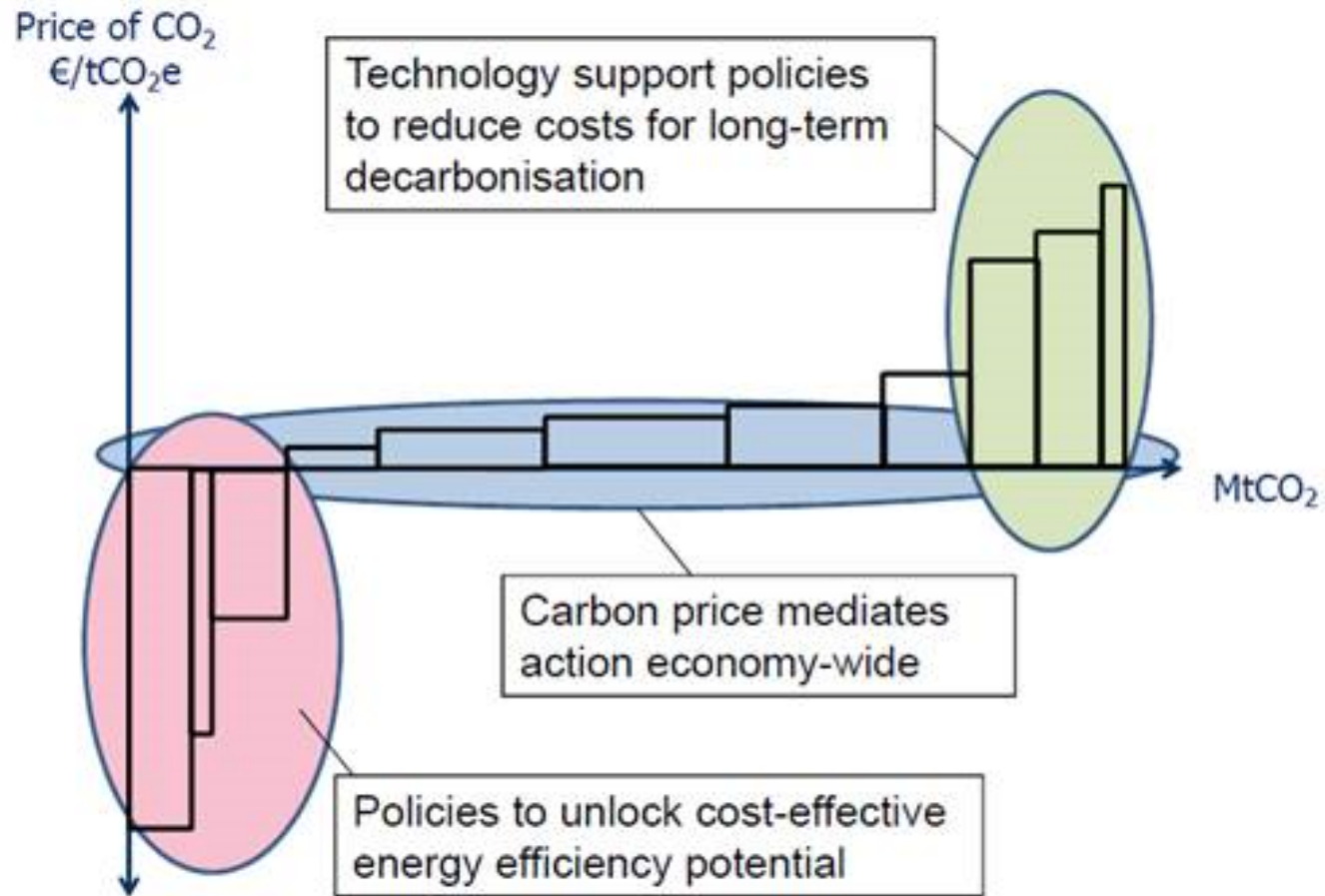
# Pledges will make a difference, but not enough to meet 2 degree limit



Source: CCA analysis based on data from  
UNFCCC, IPCC and CAT



# Policy Toolkit

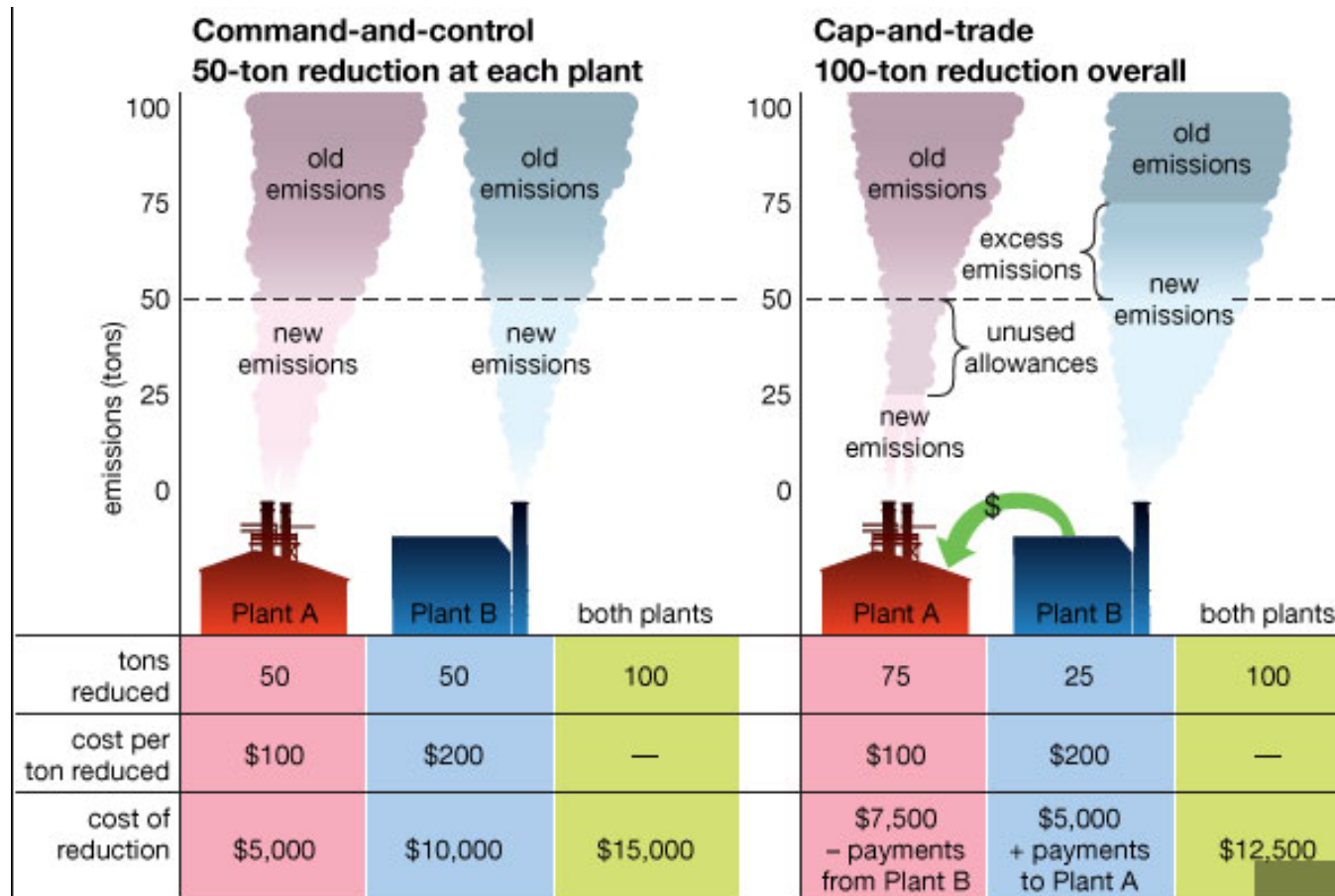




# Types of policy

- **Market policies**
  - Mandatory carbon pricing
  - Voluntary carbon pricing
  - Other mandatory price-based policies e.g. RET, energy efficiency certificates
- **Non-market policies**
  - Regulation e.g. mandatory standards
  - Information programs
  - Innovation support

# Emissions trading



# Mandatory carbon pricing

## Emissions trading

- Sets quantity of emissions
- Requires market infrastructure

Internalise costs of emissions

Reduce emissions cost-effectively

Can raise revenue

Scalable

## Carbon tax

- Sets price

# Other types of market policies

- Voluntary carbon pricing
  - Offset schemes e.g. Emissions Reduction Fund, may link to government purchasing schemes
- Other mandatory price-based policies
  - Renewable energy target schemes with tradeable certificates e.g. the RET
  - Energy efficiency targets schemes with tradeable certificates e.g. NSW Energy Savings Scheme

# Types of non-market policies

- Regulation
  - Facility-level emission limits
  - Standards for appliances; buildings; vehicles

## Benefits of a light vehicle emissions standard



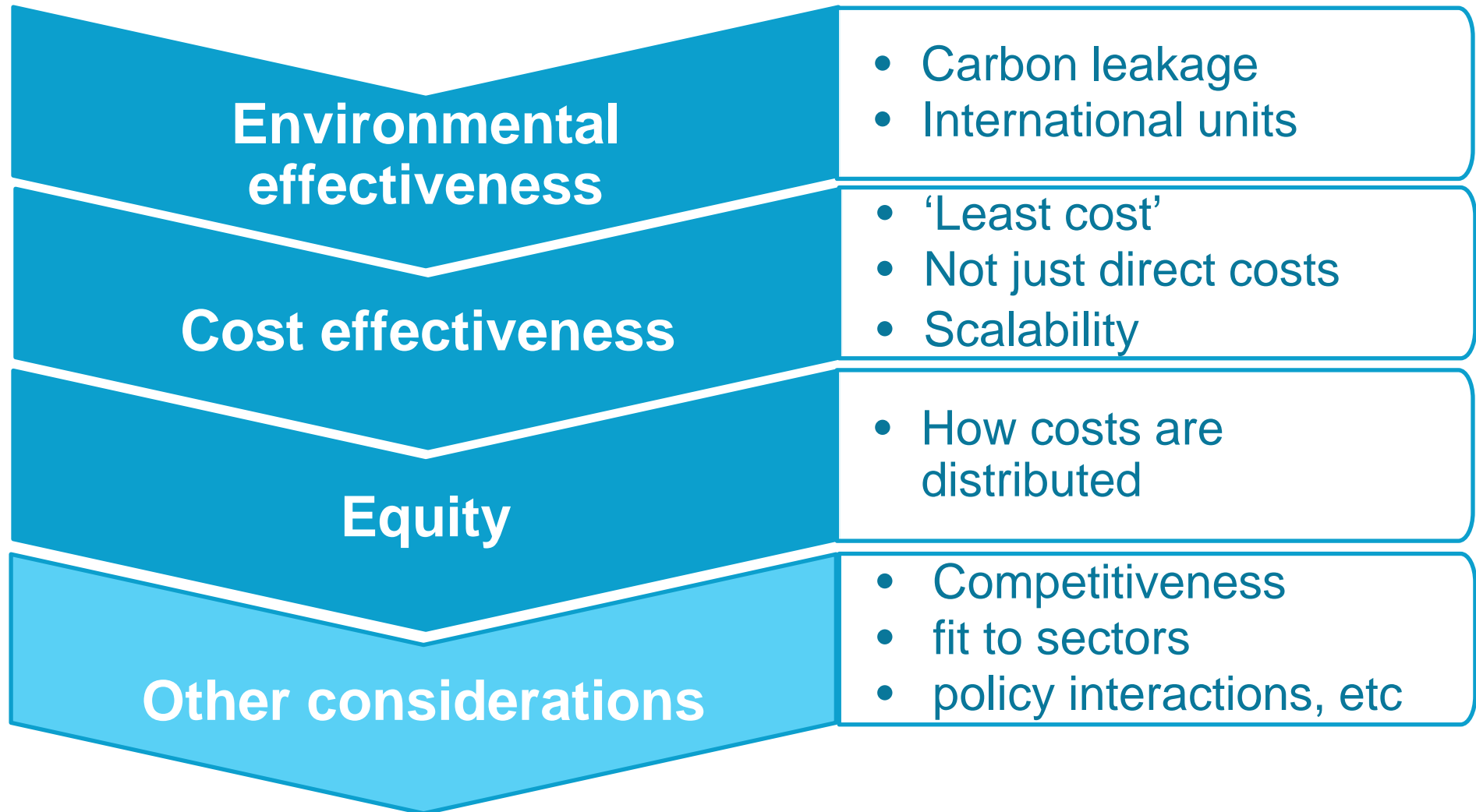
# Types of non-market policies - cont

- Information programs
  - Energy labelling for appliances
  - Information and advice on energy efficiency
- Innovation support
  - Grants for research & development
  - Investment to assist commercialisation of products

e.g. ARENA, CEFC



# Policy evaluation



# Competitiveness concerns

- Arise where policy in different countries creates different costs for firms operating in the same markets
- Can design policy to address these concerns e.g. provide assistance to affected firms
- Have to balance against impacts on other evaluation criteria



# Consultation process

Submissions due by 19 February 2016

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