



A FRESH CONVERSATION ON AUSTRALIA'S CLIMATE POLICY OPTIONS

Statement by the Acting Chair, Mr Stuart Allinson
30 November 2015

The Climate Change Authority has today released the second draft report of its Special Review of Australia's climate policy options. The report canvasses policy options to reduce Australia's greenhouse gas emissions and invites responses as part of a fresh and constructive discussion of how Australia should meet its climate goals.

Climate change remains a serious global challenge and poses major risks to Australia. Today in Paris, Australia and the world are negotiating a framework for climate action beyond 2020. Countries may agree to progressively strengthen their emissions targets over time.

Yet in Australia in recent years, the climate policy conversation has become highly polarised. Different policy options have attracted both strong support and criticism. At times it appears, amid the heated debate, we have lost sight of the key goal—to reduce emissions so as to safeguard our environment, the wellbeing of all Australians and our way of life.

The Authority is of the view that it is time for a fresh look at the range of policy options, including the various forms of emissions trading schemes, with a view to 'resetting' Australia's public discussion. A broad and inclusive national conversation about the right climate policy toolkit for Australia is important if we are to meet our emissions reduction goals and continue to contribute to global efforts to avoid dangerous climate change.

The fact is that Australia will need new policies to achieve its targets to 2030 and beyond.

The draft report lays out how the Authority plans to evaluate the wide range of policy options for reducing Australia's emissions based on three key principles: cost effectiveness, environmental effectiveness and equity.

Among policy options, emissions trading is important and can take many forms. The Authority will look at several different types including cap and trade, baseline and credit and emissions intensity schemes, alongside other policies including support for renewable energy and energy efficiency, investment in low emissions technology and mandatory emissions standards.

Good policies reduce emissions at low cost and can be readily scaled up to achieve greater emissions reductions if and when needed. Policies with these characteristics are more likely to attract broad support and provide a stable and predictable basis for new, long-lived investments.

Emissions reduction policies are not 'one size fits all'. It's important that Australia's policy toolkit be suited to our national circumstances. What works for one sector or industry may not work well

for others. The Authority will draw on international experience to consider what might work well here.

Climate policies affect the competitiveness of Australian businesses to varying degrees. As more countries take stronger action to reduce their emissions, competitiveness concerns for Australian businesses will diminish. While global climate efforts remain uneven, however, there may be a case for assistance. The Authority is examining potential policy impacts and options to address them, as part of this Special Review.

The Authority encourages all interested parties to join this conversation by making submissions to the draft report. The due date for submissions is **19 February 2016**. Submissions will inform the Authority's deliberations ahead of its final report in June 2016. In that report, the Authority will recommend what action Australia should take to implement the outcomes flowing from the Paris climate conference.

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