



30 May 2013

Caps and Targets Review
Climate Change Authority
Australian Government

Via website www.climatechangeauthority.gov.au/submissions

Dear Sir or Madam,

Caps and Targets Review – Issues paper

Thank you for the opportunity to comment on the *Caps and Targets Review issues paper* (Issues Paper). The Institute of Chartered Accountants in Australia (the Institute) has considered the Issues Paper and our comments are set out below.

The Institute is the professional body for Chartered Accountants in Australia and members operating throughout the world.

Representing more than 72,000 current and future professionals and business leaders, the Institute has a pivotal role in upholding financial integrity in society. Members strive to uphold the profession's commitment to ethics and quality in everything they do, alongside an unwavering dedication to act in the public interest.

Chartered Accountants hold diverse positions across the business community, as well as in professional services, government, not-for-profit, education and academia. The leadership and business acumen of members underpin the Institute's deep knowledge base in a broad range of policy areas impacting the Australian economy and domestic and international capital markets.

We are supportive of the Climate Change Authority (the Authority) setting caps, targets and trajectories to help reduce uncertainty and risk for business and other stakeholders. We consider targets an important aspect of the carbon price mechanism to ensure it is meeting its overall objective. Trajectories are also important to ensure changes can be made as and when required, rather than at the end of the projected time period when it is too late to make significant changes to the caps.

Australia has a long term target to reduce emissions to 80% below 2000 levels by 2050. When viewing the progress to date and the possible targets for 2020, we note that this long term target is a significant additional reduction. We therefore recommend that when setting the targets for 2020, the Climate Change Authority also recommends longer term trajectories to meet the 2050 target as well as a long term national carbon budget. Setting intermediary targets would also help in progressing Australia on its long term emission reduction journey and provide greater certainty to stakeholders.

We acknowledge the complex issues which surround the setting of emission reduction goals and the need to achieve the appropriate balance between the competing issues. We note that there is increasing significant international action on climate change. Therefore, we consider that Australia should take a leadership role when determining targets, trajectories and cap rather than adopting the minimal permitted targets. However, we consider that emissions reductions must be achieved across all emitting industries and therefore don't consider that tighter caps for covered emissions is appropriate.

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If you have any questions regarding this submission, please do not hesitate to contact me by email at Yasser.el-ansary@charteredaccountants.com.au or Karen McWilliams at Karen.mcwilliams@charteredaccountants.com.au.

Yours sincerely



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