

Carbon Market Institute – AER Summit

29 October 2024

The Hon Matt Kean

Chair - Climate Change Authority

Speech - Plenary Session

Check against delivery

I begin by acknowledging the Wurundjeri people of the Kulin Nation as the Traditional Owners of the land on which we've come together today, and pay my respects to their Elders, past and present.

Thank you to the Carbon Market Institute for the invitation to participate in this Summit, and for being a powerful voice on the need to accelerate the transition to net zero.

You understand that the carbon clock is ticking.

Progress in reducing our emissions is non-negotiable if we're going to protect our planet, our way of life, and our economy.

Not in 10 or 20 years but today - because the impacts of a changing climate are already hitting home for communities across Australia, and around the world.

We need to bend the curve and drive emissions down rapidly. That starts with meeting – and ideally beating – Australia's legislated target to reduce emissions 43 percent against a 2005 baseline by 2030.

And it means going further in the years to come, with strong action driving deep cuts all the way to net zero.

To get there, we need durable policy settings that see governments, investors, businesses and communities all pulling in the same direction: cutting emissions at their source, as far and as fast as possible.

Because there's so much that is already possible to reduce emissions right across the Australian economy.

Last month, the Climate Change Authority released a major piece of work exploring the technologies and opportunities that will underpin Australia's decarbonisation.

If you haven't already had a chance to read the Sector Pathways Review, I'd encourage you to take a look. It's a deeply evidenced, independent and agenda-free assessment of the abatement task and the opportunities to reduce emissions across the Australian economy.

There's a number of representatives from the authority here at this summit – grab them for a conversation about the Review and its insights for your sector over the next two days.

To share just a few key insights, you'd no doubt be aware that decarbonising the electricity grid is a foundational step that can unlock lower emissions in other sectors.

And we don't need to wait for breakthrough technologies to deliver the wind, solar, firming and storage solutions needed for a reliable grid powered primarily by renewables.

The industry and resources sectors will decarbonise at a different pace, but we're already beginning to see the benefits of existing technology.

The electrification of low and medium process heat is now possible for some manufacturers, and for important parts of the mining supply chain.

The scale up of hydrogen and biofuels, together with emerging production technologies for essential goods like metals and chemicals, will help drive more direct cuts in the years to come.

In the meantime, well-functioning carbon markets backed by the right regulatory settings can play an important role in emissions abatement – such as through the reformed Safeguard Mechanism.

In the agricultural and land sectors, it makes sense to take the gains immediately on offer. Many of you here today already are.

I know we've got some interesting conversations ahead at this summit about what's working well to drive land sector abatement, and where there's opportunities to do things better.

Combating climate change is essential to protect and preserve the farmland and natural environments that are so essential to our daily lives. Australia's farming communities are often on the frontline of the droughts, floods and fires that are hitting home harder and more often in a changing climate.

The Sector Pathways Review highlights that the land sector will play an important role in Australia's transition to net zero, as the only sector projected to achieve net negative emissions.

The authority's work indicates that by 2050, a net zero Australian economy will still need to manage more than 100 million tonnes of emissions from hard-to-abate sectors and sources. Most of the carbon removals we'll need are expected to come from the land sector.

That's why we need to make it easier for farmers and communities to improve the sustainability, productivity and resilience of their lands. And we need to think hard about the complex questions raised by competing land uses, to ensure we're balancing different priorities and needs.

Well-functioning carbon markets can help drive the transformation of Australia's economy, as well as achieve net zero.

They can channel finance towards deployment of technologies that avoid or remove carbon, to unlock greater emissions reductions, sooner.

The carbon markets established or built on by policies like the Safeguard Mechanism, the New Vehicle Efficiency Standard, renewable energy targets and state government energy efficiency schemes are all seeking to drive structural transformation in their sectors.

At the same time, Australia's ACCU market is enabling voluntary action by businesses across the economy, and encouraging innovation in techniques and technologies to capture and store more carbon.

All of these carbon markets need to be well-designed, operate with integrity, and be as transparent as possible. I look forward to hearing honest reflections and innovative thinking about how we best achieve that, during this summit.

The authority's 2023 review of the ACCU scheme proposed a range of opportunities to continue building strong foundations for that carbon market.

We were pleased to see the Australian Government agree with many of our recommendations, and work is already underway on implementing some of them.

We need strong and well-functioning carbon markets because we simply can't afford to leave anything on the table when it comes to tackling the climate crisis.

Our window for action is closing. Climate change is already costing lives and livelihoods, and worse is on the way if Australia doesn't take strong action now together with our global partners.

Reducing emissions as far and fast as possible now must be our shared priority.

I look forward to the discussion on how action through carbon markets can accelerate this urgent effort.