

REDUCING AUSTRALIA'S EMISSIONS— OPPORTUNITIES AND CHALLENGES



Part D describes a range of outlooks for domestic emissions and how different sectors of the economy—and international emissions reductions—might contribute to meeting Australia’s emissions reduction goals.

Australia’s emissions are projected to rise in the period to 2020 and beyond unless strong policy drivers are put in place. Australia faces a substantial challenge to meet the recommended 2020 target and the longer term emissions budget—but this is achievable if Australia takes near-term action to reduce its emissions. A steady transition will make it easier and less costly to reduce emissions and could help improve Australia’s long-term economic competitiveness in a more emissions-constrained world.

Using some international emissions units to complement domestic reductions could further reduce the cost of meeting these goals.

Chapter 11 focuses on Australia’s domestic emissions outlook at an economy-wide and sectoral level. It describes cost-effective opportunities to reduce domestic emissions in an environment of continued economic growth and rising international demand for Australian resource and agricultural exports. It builds on the understanding of historical changes in emissions and draws on the Treasury and DIICCS RTE modelling scenarios. It also outlines the emissions reduction opportunities that underpin the Authority’s economic analysis of different targets.

Major reductions in Australia’s emissions by 2020 and beyond are unlikely without strong policy measures. If effective policies are put in place in the next few years, and are sustained, emissions can be reduced substantially over the period to 2030. Energy efficiency will be particularly important in the near term. Policies that drive the transition to lower emissions technologies, buildings and vehicles will contribute more to emissions reductions beyond 2020 as equipment is replaced.

Chapter 12 discusses the benefits and risks of using international emissions reductions to complement domestic efforts and help meet Australia’s targets. It considers the potential sources and volumes of international units available, and the use of international emissions reductions in the context of the government’s Direct Action Plan.