



AUSTRALIA'S CLIMATE POLICY TOOLKIT

31 August 2016

The Climate Change Authority today released the third and final report in its Special Review on the actions that Australia should take to meet its obligations in the historic Paris climate agreement.

Dr Wendy Craik, the Chair of the Climate Change Authority said: “The Authority found that one size cannot fit all of the many opportunities that exist to reduce emissions across our economy. Australia needs a set of measures - in other words, a policy toolkit - that is well calibrated to capture reductions in different sectors.

The Authority is recommending that the Government puts in place a policy toolkit that uses current measures like the Emissions Reduction Fund and the safeguard mechanism, as well as new measures, in a durable solution that would allow Australia to decarbonise its economy and plays its part in efforts to keep global warming well below 2 degrees.

The Authority emphasised the importance of a stable, effective set of policies to encourage investment in low-emissions technologies and practices. The overarching architecture for the toolkit would remain in place to help provide investment certainty while the measures themselves evolve and strengthen over time.

For the electricity generation sector, the Authority found that a market mechanism, in the form of an emissions intensity scheme that would start in 2018, would be the best fit.

“We also think that an enhanced safeguard mechanism offers a pragmatic and durable way of reducing emissions across a range of industrial, manufacturing and resource sectors.”

For households, vehicles and buildings, establishing or strengthening existing energy efficiency standards is the way to go. On the land sector, the Authority found that voluntary offsets are the best tool for the task, given the large number of landholders and the differences between farming operations.

Dr Craik said that this final report of the Special Review marks the culmination of 18 months of research, analysis and talking to stakeholders about how Australia should rise to the now pressing challenge of reducing its emissions.

Dr Craik also said that the final report did not seek to re-assess Australia’s 2030 Intended Nationally Determined Contribution (as the Paris targets are known). As the Authority indicated in the first report of this review, the third and final report of the Special Review is focused on the policy actions that Australia should take to meet its Paris obligations.

The Authority today also released its research report into policies that could be used to reduce emissions in the electricity generation sector. The report is based on economic modelling and analysis commissioned by the Authority, and is an important input into the Special Review.

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