



STRENGTHENING AUSTRALIA'S 2020 CARBON POLLUTION TARGET

The Government has committed to reduce Australia's carbon pollution to 25 per cent below 2000 levels by 2020 if the world agrees to an ambitious global deal to stabilise levels of greenhouse gases in the atmosphere at 450 parts per million CO₂-equivalent or lower by mid century.

This will maximise Australia's contribution to an ambitious outcome in international negotiations at Copenhagen this December.

The Government will adopt such a reduction only as part of an ambitious international agreement involving comprehensive global action capable of stabilising atmospheric greenhouse gases at 450 parts per million or lower by mid century.

2020 target range

The Government has already set challenging targets for reducing Australia's national emissions. The ambitious target range of 5–15 per cent on 2000 levels, which was announced in the Carbon Pollution Reduction Scheme White Paper in December 2008, involves reducing the carbon emissions of every Australian by at least a third over the next decade.

The Government's assessment in the White Paper was that achieving global commitment to achieve emissions reductions sufficient to stabilise at 450 ppm CO₂-e appeared challenging in the near term and that the most prospective pathway to this goal would be to embark on global action that reduces the risks of dangerous climate change and builds confidence that deep cuts in emissions are compatible with continuing economic growth and improved living standards.

The Government's new commitment of 25 per cent below 2000 levels by 2020 follows extensive consultation with environment advocates on the best way to maximise Australia's contribution to an ambitious global outcome. It also reflects that international developments since December 2008 have improved prospects for such an agreement.

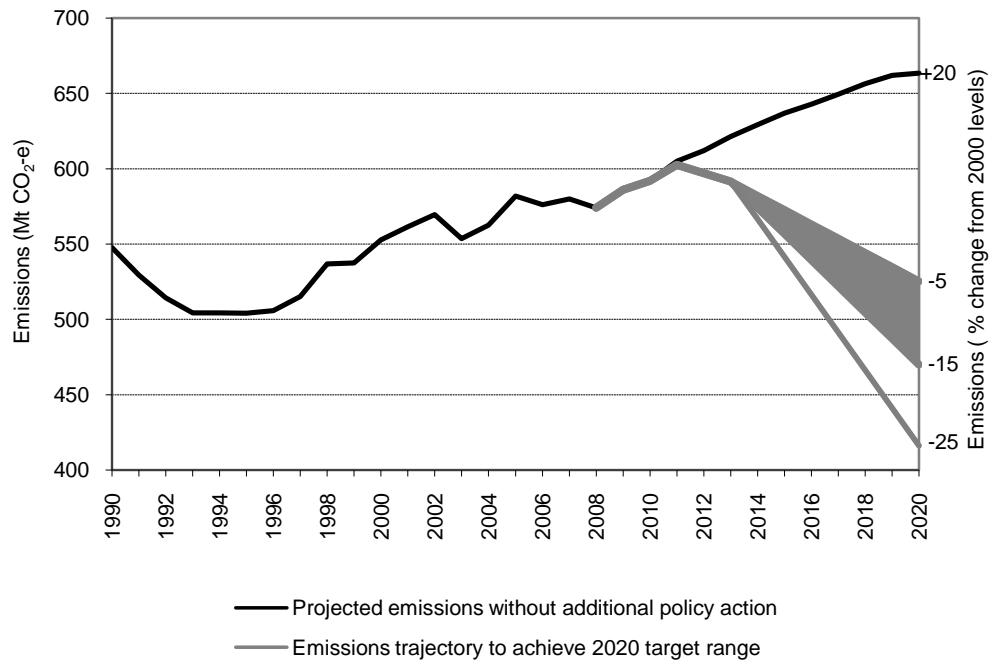
Nevertheless, achieving this will still be very tough. It will require a significant further shift in negotiating dynamics and all advanced and major developing economies to take serious action to restrain and then reduce emissions. Australia's conditions for adopting a 25 per cent target are set out below.

The following chart illustrates the strengthened target range.

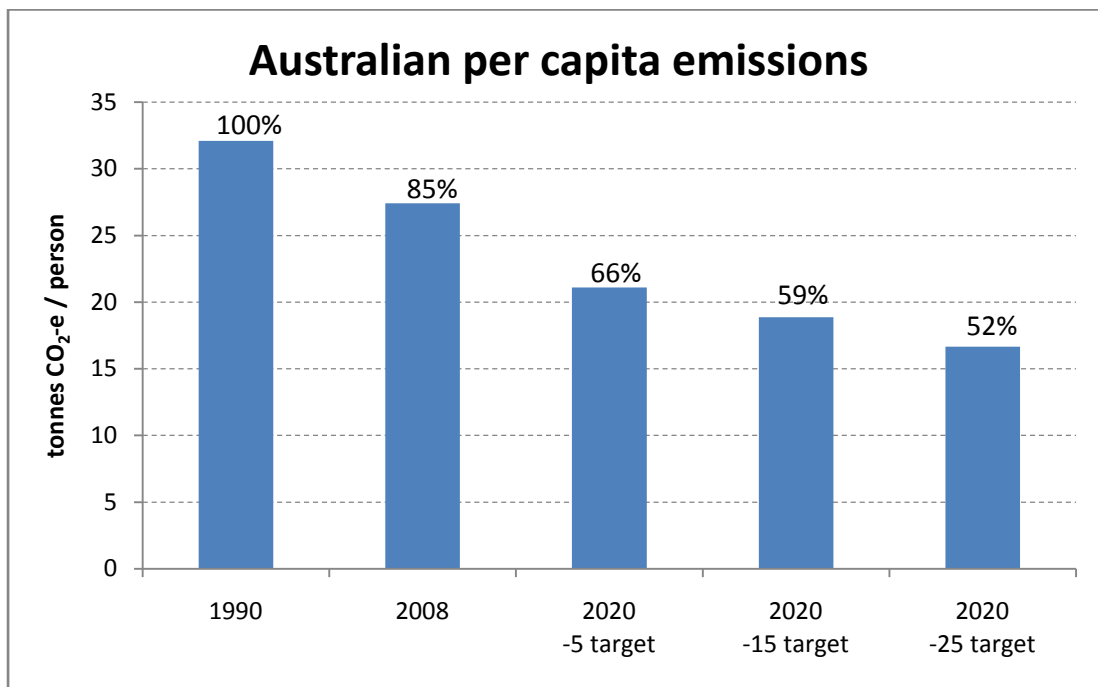
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2020 target range: 5-15 and 25 per cent reductions on 2000 levels



When projected population growth is taken into account, a 25 per cent cut in Australia's emissions by 2020 will almost halve every Australian's carbon emissions as illustrated below.



Conditions for a 25 per cent target

The Government will adopt a 25 per cent target only as part of an ambitious international agreement involving comprehensive global action capable of stabilising greenhouse gases in the atmosphere at 450 ppm CO₂-e or lower. Such a comprehensive and ambitious agreement must meet following conditions:

1. comprehensive coverage of gases, sources and sectors, with inclusion of forests (e.g. Reducing Emissions from Deforestation and forest Degradation - REDD) and the land sector (including soil carbon initiatives (e.g. bio char) if scientifically demonstrated) in the agreement;
2. a clear global trajectory, where the sum of all economies' commitments is consistent with 450 ppm CO₂-e or lower, and with a nominated early deadline year for peak global emissions no later than 2020;
3. advanced economy reductions, in aggregate, of at least 25 per cent below 1990 levels by 2020;
4. major developing economy commitments to slow growth and then reduce their absolute level of emissions over time, with a collective reduction of at least 20 per cent below business-as-usual by 2020 and a nominated peak year for individual major developing economies;
5. global action which mobilises greater financial resources, including from major developing economies, and results in fully functional global carbon markets.

Meeting the 25 per cent target

Rapid and comprehensive global action is a better value proposition for Australia, and the world.

Australia's commitment to a 25 per cent target is based on an ambitious global agreement in which the sum of all economies' commitments is consistent with stabilisation at 450ppm or lower by mid century.

We know from Treasury modelling that early global mitigation reduces long-term costs and many of Australia's industries will maintain or improve their competitiveness under an international agreement to combat climate change.

In the context of ambitious global action involving all major emitters, Treasury modelling suggests that average incomes would rise from \$50,400 per person in 2008 to around \$54,700 per person in 2020 with a 25 per cent reduction target, rather than around \$54,900 per person with a 15 per cent reduction target.

The additional minor short-term costs of deeper cuts in emissions are far outweighed by the benefits of ambitious global action to reduce the risks of climate change.