

MAJOR POLICY ANNOUNCEMENT

SUBJECT: ENVIRONMENT AND CLIMATE CHANGE

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SUMMARY:

In the aftermath of the failed Copenhagen talks, the Coalition has seized on growing public concern over the government's Emissions Trading Scheme and offered an alternative simpler policy initiative instead.

At the same time the Coalition has pledged to maintain the government's commitment to reduce Australia's greenhouse gas emissions by five percent, based on 1990 levels, by 2020.

The Federal Coalition will establish a new Emissions Reduction Fund (ERF) to provide incentives to business and industry engaged in carbon reduction activities.

The EFR will utilize the existing National Greenhouse and Energy Reporting Scheme (NGERS) to determine the abatement levels of individual business. The government will then:

- purchase CO₂ abatements from businesses which reduce their emissions below 'business as usual' activity levels, and
- impose financial penalties (to be determined in consultation with industry) on businesses which emit above 'business as usual' levels.

Entities and small business not covered by the NGERS can elect to opt in.

Under the Coalition plans an expert body will be established to make recommendations about funding activities and assess tenders.

In the interim, some of the key activities/technologies earmarked for funding include:

- Bio-sequestration – especially the replenishment of soil carbon (expected to contribute to 85 million tonnes of CO₂ abatement by 2020), boosting water efficiencies and agricultural productivity.

- Solar – including 100,000 rebates (capped) per annum designed to achieve the goal of installing an additional 1 million solar roof (panels or water) by 2020 (reducing CO2 emissions by 2.4 – 3 million tonnes per year).
- Green Corridors/Forestry Measures – 20 million trees to be planted in public spaces by 2020; long rotation plantations to contribute to 12-15 million tonnes of abatement by 2010.
- Clean Energy Hubs – to be established in LaTrobe, Hunter and Central Queensland regions to support transformation of coal energy jobs to clean energy jobs through R&D funding.

Indicative sectoral CO2 prices per tonne of abatement are as follows:

	Indicative CO2 Price per Tonne
Soil Carbons	\$8-\$10
Electricity Generators & Industry	\$25-\$35
Forestry Measures	\$15
Waste Coal Mine Gas	\$10-\$20
Transport	\$40
Green Buildings/Energy Efficiency	\$10-\$15
Landfills/Compost/Recycling	\$10-\$15

The Coalition's policy will cost \$3.2 billion over the forward estimates and allocated as follows:

	2011-12 \$M	2012-13 \$M	2013-14 \$M	2014-15 \$M	Total \$M
Emissions Reduction Fund	300	500	750	1000	2550
One Million Solar Roofs	100	100	100	100	400
Clean Energy Employment Hubs	15	15	15	15	60
Solar Towns and Solar Schools	25	25	25	25	100
Geothermal and Tidal Towns	10	15	15	10	50
Renewable Fuels	5				5
Greenhouse Friendly Programme	2	2	2	2	8
Urban Forests and Green Corridors	5	10	15	20	50
TOTAL	462	667	922	1,172	3,223



Government Relations

TITLE: DIRECT ACTION PLAN – ENVIRONMENT & CLIMATE CHANGE

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