

Australia Backtracking on promising progress

Climate Action Tracker

Policy Brief

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Summary

- Australia's 5% emissions reduction below 2000 levels by 2020 target for the second commitment period remains inadequate despite Doha surplus decisions.
 - This level of commitment is consistent with a global emissions pathway that would likely lead to 3.5-4°C warming by 2100.
 - The Clean Energy Package legislation - put in place in 2011 - would enable Australia to meet its Kyoto target.
 - The Abbott Government's plans to repeal this legislation would most likely lead to Australia failing to meet its 5% emissions reduction below 2000 levels by 2020 commitment.
 - The Abbott Government's proposed Direct Action programme lacks the resources to meet the 5% from 2000 reduction goal and instead could lead to emissions of about 12% above 2000 levels by 2020.
 - It appears highly unlikely that the Abbott Government Australia will improve upon the 5% target in the near future and it appears likely that under Direct Action emissions will increase significantly above 2000 levels.
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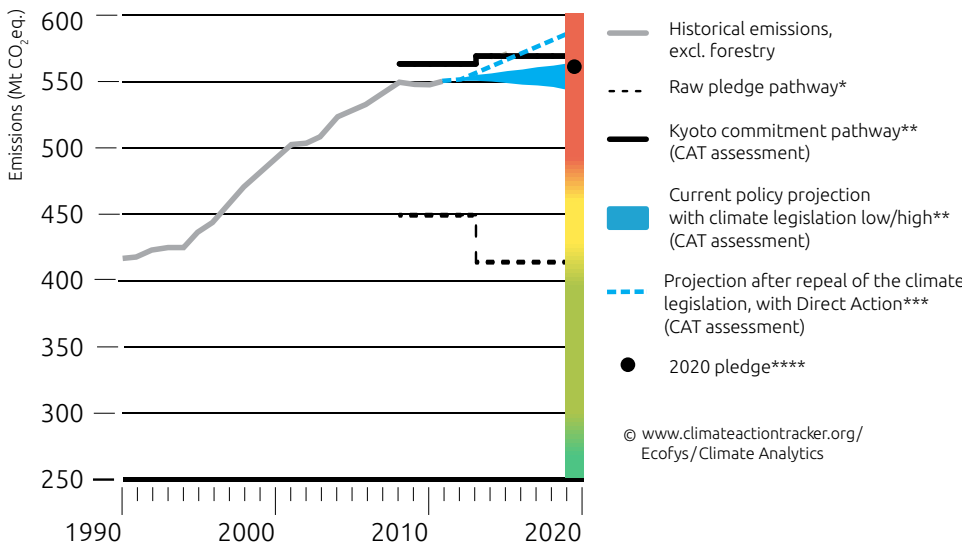
Doha surplus decisions would slightly improve the insufficient target

Australia has pledged an unconditional target of a 5% emissions reduction below 2000 levels by 2020. This represents a decrease of 3% below 1990 levels before the application of accounting rules.

Taking into account projected Afforestation Reforestation Deforestation (ARD) emissions in 2020 and the benefits gained from the second sentence of Article 3.7 by Australia, this Kyoto equivalent target for the -5% pledge would permit an increase in GHG emissions excluding LULUCF of +17 to 26% above 1990 levels in 2020. The range is due to different estimates that can be made for likely future ARD emissions for 2020.

According to our calculations Australia will lose around 53 MtCO₂e of emissions rights through the application of the Doha decisions on the Kyoto Protocol, specifically Article 3.7ter. This represents about 1% of their assigned amount.

Assuming a wedge-shaped pathway¹ to 2020, this would strengthen their 2020 target by 2% of 1990



* Excl. LULUCF credits and debits, excl. LULUCF base year emissions accounting rules and without application of historical threshold on emissions allowances in 2020 under the Doha decision.

** Incl. LULUCF credits and debits, incl. LULUCF base year emissions accounting rules and application of historical threshold on emissions allowances in 2020 under the Doha decision.

*** Emissions level resulting from replacement of current implemented climate legislation by Direct Action Plan.

**** Emissions level in 2020 resulting from unconditional pledge. This differs from the Kyoto commitment pathway as it depicts final 2020 levels whereas the Kyoto pathway considers the average level of emissions over the second commitment period (2013-2020).

¹ Where reductions in emissions start at zero and increase over time

emissions, leading to a 5% decrease in emissions below 1990.

This still remains inadequate on the CAT rating and very far removed from sufficient, or even medium. A global emission pathway on par with this level of ambition for Australia is shown in the recent UNEP Emissions Gap Report 2013 to be consistent with 3.5-4°C global-mean temperature increase by 2100.

Current legislation would meet the target

Our most recent analysis confirms that Australia's current legislation - *if continued* - would be sufficient to meet its unconditional pledge.

Currently implemented policies are expected to lead to an emissions level of between 543² – 570³ MtCO₂e in 2020 excluding LULUCF by 2020. This represents a 30%-36% increase over 1990 emission levels excluding LULUCF.

Emissions from land use change and land management account for around 25% of Australia's GHG emissions, a situation that stands the country apart from most of the other Annex I countries. The abatement in this sector is difficult

to estimate since a future BAU scenario contains a lot of uncertainties.

Repeal of legislation would roll back progress achieved

The newly-elected Government has confirmed its intent to repeal the Clean Energy Legislation in the first sitting of Parliament in mid-November. The repeal would dismantle most of the present policy framework, including present fixed carbon prices and the cap-and-trade system put in place in 2011.

The Government is very unlikely to secure a majority in the Senate for repeal until at least July 2014, after

² Based on an update of our 2011 CAT analysis of the Australian policy package

³ Based on analysis of The Climate Institute (2013). [Review of Subsidy and Carbon Price Approaches to Emission Reduction](#)

which time it will likely need to negotiate with minor Parties to achieve this. The Government has insisted that it will call a fresh general election should the Senate not support repeal, however it is by no means certain that such a drastic action would be undertaken.

Direct Action programme inadequate

The new Government has committed AU\$3.2 billion to be put in an 'Emissions Reductions Fund' to meet the 5% reduction target. The fund would provide an incentive-based scheme where the Government would purchase domestic carbon abatement across a range of eligible activities⁴. It has indicated that no further funding will be made available should this fall short of meeting this goal.

This is part of the 'Direct Action Plan' expected to replace the current legislative package. It includes the incentive scheme based on direct transfers and carbon sequestration activities. The latter is found to be highly uncertain and unlikely to be viable.⁵

Given this situation, it is clear that our present assessment - that Australia is likely to meet its target - may not stand, considering there is a significant likelihood that present policies could be dropped or not implemented.

Effects of the Emission Reduction Fund are estimated to be only between 27⁶ and 41⁷ MtCO₂e by 2020, leading to emissions levels of 595 MtCO₂e in 2020 – about 12% above 2005 levels. The proposed alternative action is expected to lead to a re-carbonisation of the power sector, which would not allow Australia to meet its target.

Higher ambition unlikely

Since the new Government took up office it has dismantled the Climate Commission, which was set up in 2011 to provide comprehensive information on climate change. It also announced it would abolish the Climate Change Authority, a body advising the Government and responsible for the periodic review of Australia's emission reduction targets.

In their first draft report reviewing the target, the Climate Change Authority concludes that the 5% reduction is not adequate and that Australia should pursue a stronger target of a 15-25% reduction compared to 2000 levels by 2020.

Press reports of Cabinet discussion in mid-November and statements by the Prime Minister appear to indicate the Government will reject moves towards a higher target.⁸

Overall, these developments make it highly unlikely that Australia will move to increase its ambition in the near future, and instead indicates that the present level of ambition is unlikely to be met.

⁴ Australian Climate Change Authority (2013). [Targets and progress. Draft Report](#). October 2013

⁵ Lubke (2013). [A Review of the Viability of the Coalition's "Direct Action Plan"](#)

⁶ Reputex Carbon Analytics (2013). [Emissions Trading versus Direct Action](#)

⁷ The Climate Institute (2013). [A Review of Subsidy and Carbon Price Approaches to Emission Reduction](#)

⁸ Lenore Taylor (2013). [Abbott government abandons emissions reduction target range](#)

Background on the Climate Action Tracker

The "Climate Action Tracker", www.climateactiontracker.org, is a science-based assessment by Ecofys, Climate Analytics and the Potsdam Institute for Climate Impact Research (PIK) that provides regularly updated information on countries' reduction proposals.

The Climate Action Tracker⁹ reflects the latest status of the progress being made at international climate negotiations. The team that performed the analyses followed peer-reviewed scientific methods (see publications in Nature and other journals)¹⁰ and significantly contributed to the UNEP Emissions Gap Report¹¹.

The Climate Action Tracker enables the public to track the emission commitments and actions of countries. The website provides an up-to-date assessment of individual country pledges about greenhouse gas emission reductions. It also plots the consequences for the global climate of commitments and actions made ahead of and during the Copenhagen Climate Summit.

The Climate Action Tracker shows that much greater transparency is needed when it comes to targets and actions proposed by countries. In the case of developed countries, accounting for forests and land-use change significantly degrades the overall stringency of the targets. For developing countries, climate plans often lack calculations of the resulting impact on emissions.

Contacts

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Dr. Niklas Höhne (n.hoehne@ecofys.com) - Director of Energy and Climate Policy at Ecofys and lead author at the IPCC developed, together with Dr. Michel den Elzen from MNP, the table in the IPCC report that is the basis for the reduction range of -25% to -40% below 1990 levels by 2020 that is currently being discussed for Annex I countries.

⁹ www.climateactiontracker.org

¹⁰ e.g. <http://www.nature.com/nature/journal/v464/n7292/full/4641126a.html> and <http://iopscience.iop.org/1748-9326/5/3/034013/fulltext>

¹¹ www.unep.org/publications/ebooks/emissionsgapreport

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Established in 1984 with the mission of achieving “sustainable energy for everyone”, Ecofys has become the leading expert in renewable energy, energy & carbon efficiency, energy systems & markets as well as energy & climate policy. The unique synergy between those areas of expertise is the key to its success. Ecofys creates smart, effective, practical and sustainable solutions for and with public and corporate clients all over the world. With offices in Belgium, the Netherlands, Germany, the United Kingdom, China and the US, Ecofys employs over 250 experts dedicated to solving energy and climate challenges.

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Climate Analytics

CLIMATE ANALYTICS is a non-profit organization based in Potsdam, Germany. It has been established to synthesize climate science and policy research that is relevant for international climate policy negotiations. It aims to provide scientific, policy and analytical support for Small Island States (SIDS) and the least developed country group (LDCs) negotiators, as well as non-governmental organisations and other stakeholders in the ‘post-2012’ negotiations. Furthermore, it assists in building in-house capacity within SIDS and LDCs.

www.climateanalytics.org

Potsdam Institute for Climate Impact Research (PIK)

The PIK conducts research into global climate change and issues of sustainable development. Set up in 1992, the Institute is regarded as a pioneer in interdisciplinary research and as one of the world's leading establishments in this field. Scientists, economists and social scientists work together, investigating how the earth is changing as a system, studying the ecological, economic and social consequences of climate change, and assessing which strategies are appropriate for sustainable development.

www.pik-potsdam.de