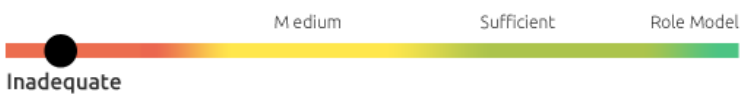
CLIMATE ACTION TRACKER

Australia

History: 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011

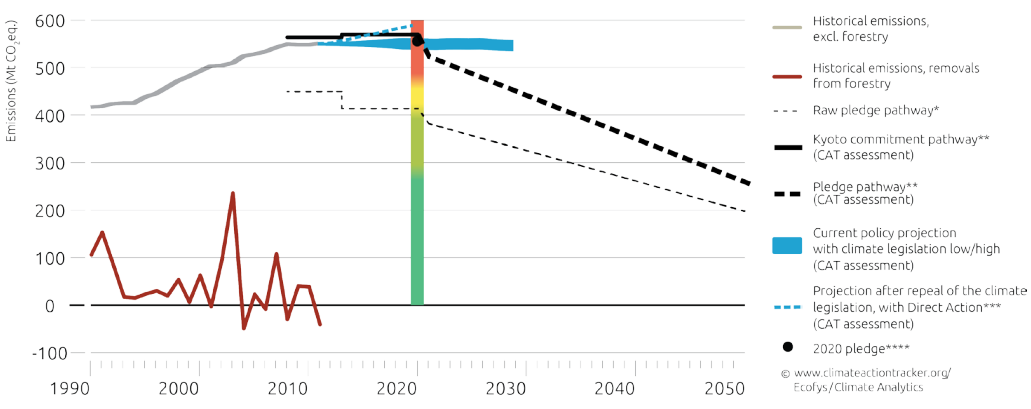
Page last updated: 20th November 2013

Rating



Assessment

Australia pledged an unconditional target of a 5% emission reduction below 2000 levels by 2020. The currently implemented policies of Australia would be sufficient to meet its unconditional pledge, if continued. However, the Abbott Government, elected in September 2013 has confirmed its intent to repeal the Clean Energy Legislation[1]. At its first sitting the in mid-November 2013 the House of Representatives voted for repeal. The Government does not yet have the majority in the Senate for repeal, but may as early as July 2014, after which time it will need to be negotiated with minor parties to repeal. This repeal would dismantle most of the present policy framework including the current fixed carbon prices and the cap-and-trade system put in place in 2011. The Government insists that it will call a fresh general election should the Senate not support repeal. Given this situation, it is clear that the present assessment may not stand, given a significant likelihood that present policies could be dropped or not implemented. The new Government has committed only AU$3.2 billion (capped) to meet the 5% reduction target and has indicated that no further funding will be made available should this fall short of meeting this goal. Our analyses indicate that this so-called Direct Action policy will fall far short of the 5% goal.



* 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).

Pledge description

For the second commitment period of the Kyoto Protocol, Australia nominated a provisional Quantified Emission Limitation or Reduction Objective (QELRO) level of 99.5 over the period 2013-2020. This represents an average yearly emissions level of 99.5% of 1990 levels. They have stated this is in line with their unconditional target under the Convention of reducing emissions by 5% below 2000 levels in 2020.

Under the first commitment period, the QELRO for Australia was allowed to increase emissions by 8% over the period 2008-2012.

In contrast to the majority of Annex I countries, Australia's targets under the Convention are not set according to Kyoto architecture. The Kyoto architecture sets allowed emissions as a percentage of 1990 GHG emissions excluding LULUCF plus deforestation emissions in 1990 for countries with a net LULUCF source in 1990, which is the case for Australia.

In April 2011, new information made clear that Australia's targets are to be calculated with respect to its 2000 GHG emissions (excluding LULUCF) plus afforestation, reforestation and deforestation (ARD) emissions in that year (i.e. 2020).

For 2020, Australia has proposed three targets with different conditionalities, -5%, -15%, and -25% relative to 2000. Australia has provided absolute allowed emission levels in 2020 of 530 $MtCO_2e$, 474 $MtCO_2e$, and 419 $MtCO_2e$ for the -5%, -15% and -25% targets respectively. These can be converted to 1990 levels: the -5% goal would be -3% from 1990. The Australian target in the first commitment period is +8% compared to 1990 emissions.

Taking into account projected ARD emissions 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.

For the -15% goal the Kyoto equivalent target range is +3% to +13% from 1990 levels; and for the -25% goal the range is -1% to -10% from 1990 levels (GHG emissions excluding LULUCF).

In Australia's submission of its QELRC for the second commitment period of the Kyoto Protocol in 2012, Australia quantitatively defined its conditions for moving to higher levels of ambition. This is still open to interpretation. However, the election of the new Abbott Government has changed the political landscape of climate policy in Australia. The Prime Minister has vowed to repeal all the previous Government's Clean Energy Legislation including its Carbon Tax, Cap and Trade system as well as the independent policy body: the Climate Change Authority, which was tasked to look at Australia's 2020 target. The Prime Minister has also stated that its Direct Action Policy will only be funded up to AU$3.2billion (capped) to meet the 5% below 2020 reduction.

The targets and conditions for meeting them have had bipartisan support in the past, however there is no certainty on whether the current Government will move to a higher target.

The -5% target stands as their unconditional pledge.

The -15% target is conditional on a global agreement which implies atmospheric stabilisation at between 510 and 540ppm CO_2e and under which major developing economies commit to substantially restrain emissions in aggregate, in the range of 15 to 25% below 1990 levels, and advanced economies take on commitments comparable to Australia's. The condition requires substantive measurable, reportable and verifiable commitments and actions by major developing economies, in the context of a strong international financing and technology cooperation framework, but which may not deliver significant emissions reductions until after 2020 and progress toward inclusion of forests (REDD) and the land sector, deeper and broader carbon markets, low carbon development pathways (Government of Australia 2012a).

Adoption of the most ambitious target of -25% is conditional on an ambitious global deal capable of stabilising levels of greenhouse gases in the atmosphere at 450 ppm CO_2e or lower. The condition includes the need for a clear pathway to achieving an early global peak in total emissions with a nominated early deadline year for peak global emissions not later than 2020. It also requires major developing economies slowing the growth and then reducing their emissions over time, with a collective reduction of at least 20% below business-as-usual by 2020 and a nomination of a peaking year for individual major developing economies. It further requires advanced economies taking on reductions and commitments comparable to Australia, in aggregate, of at least 25% below 1990 levels by 2020, and access to the full range of international abatement opportunities through a broad and functioning international market in carbon credits.

Current trend description

Read more on recent developments in our policy brief.

Currently implemented policies are expected to lead to an emission level of 543 – 570 $MtCO_2e$ excluding LULUCF by 2020. Emissions from land use change and land management account for around 25% of Australia's GHG emissions, a situation which 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. Australia's 6th National Communication projects emissions of 43 $MtCO_2$ in 2020 from Deforestation and Reforestation, or 19 $MtCO_2$ from the complete LULUCF sector.

Emissions excluding LULUCF have seen a significant increase since 1990 with the financial crisis mainly resulting in a halting growth of emissions. In 2011 emissions continued growth. Land use plays an important part in Australia's total emissions profile. LULUCF emissions have fluctuated widely since 1990. From 2010 to 2011 they for example moved from being a source of emissions by 40 $MtCO_2e$ to being a sink with -40 $MtCO_2e$.

The calculations for Australia in this report are based on continued implementation of the Clean Energy Legislation, which means that we assume that the Carbon Pricing Mechanism (a cap-and-trade system), is continued as planned and the Clean Energy Future including its supporting policies and funds are still relevant.

However, draft legislation is in place to repeal these policies. The 'Direct Action Plan' proposed by 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 activities (Australian Climate Change Authority 2013). It has indicated that no further funding will be made available should this fall short of meeting this goal.

The 'Direct Action Plan' also includes carbon sequestration activities. These are found to be highly uncertain and unlikely to be viable (Lubcke, 2013). Effects of the Emission Reduction Fund are estimated to be only between 27 $MtCO_2e$ (Reputex Carbon Analytics, 2013) and 41 $MtCO_2e$ (The Climate Institute, 2013) by 2020.

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. In this case our assessment is that the "future trend" would lead to emissions of 595 $MtCO_2e$ in 2020. 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.

The Carbon Pricing Mechanism started in July 2012 with a fixed carbon price and will be followed by a flexible carbon price (Emission Trading System-ETS) from 2015. The ETS will cover around 500 of the largest polluters in Australia and covers around 60% of national emissions. Not all sectors are directly involved: Agriculture, parts of land-sector emissions, transport fuel for households, and emissions from light-road vehicles are excluded in the ETS. According to the Australian Treasury's assessment (Australian Government) the scheme is expected to have major impacts on energy generation and industry and could lead to reductions towards the level of the unconditional pledge.

For the energy supply sector, which is the main source of CO_2 emissions in Australia, a 20% renewable electricity generation target by 2020 is set via the Renewable Energy Target Scheme (RET), introduced in 2009 (Australian Government 2013). The policy instrument is supported by a renewable portfolio standard with a high penalty for non-compliance. In order to be successful, some administrative barriers (such as spatial planning regulation) would need to be removed. The impact of RET is therefore uncertain; we project that it would lead to a share of renewables in electricity generation of 16%[1] to 20% by 2020.

Another measure targeted at energy supply is a power plant standard, which would result in closing down highly polluting coal-fired electricity production plants, which together are responsible for about 2000 MW electricity generation. Replacing them by gas power plants would decrease CO_2 emissions.

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[1] A recent NGO report indicates that the country would be able to achieve a reduction of 16% to 17% by 2020.

Date of pledge: November 2012

Assumptions

Pledge

Targets for 2020 were calculated from the most recent national inventory submissions (CRF 2013).

We have applied LULUCF accounting to Australia's pledge, following special criteria in line with the definition of their pledges. As of COP 17 in Durban, it has been decided that forest management is a mandatory activity under article 3.4 and shall be accounted by all Annex I parties. We have therefore interpreted Australia's pledge as a target including ARD and forest management.

Party-provided ARD projections have not been used, instead 2020 ARD value was obtained by linear trend over the 1990-2010 period. We calculated LULUCF accounting quantities for forest management using a net-net approach with a projected reference level for 2013-2020. While Australia provided a range of possible outcomes on the force majeure (natural disturbances) provision, the reference level calculated here is without this provision and would change if this provision is included.

To keep consistency with the first commitment period, for post 2012 we assumed Australia will continue to use Article 3.7. Art. 3.7 allows deforestation emissions to be included in the base year for those parties with a net source of emissions from the land use change and forestry sector and applies to the target in the first KP commitment period. Some parties have proposed amending Article 3.7 to remove this provision. Australia wishes to retain it.

Current trends

For the current trend analysis we used the Climate Action Tracker Analysis from 2011 that comprehensively cover the key policies: Clean Energy Legislation, renewable targets with supporting policies and performance standards. The upper range is a result of a study provided by the Climate Institute in 2013 (The Climate Institute, 2013). Other sources have provided assessments in a similar range, but did not supply sufficiently detailed data (see for example Reputex Carbon Analytics, 2013). Others provide analysis on the sequestration activities included in the Direct Action Plan, which however has not been the focus of our analysis (see Lubcke, 2013).

Sources

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Government of Australia (2012b). Information by parties included in Annex I listed in annex 1 to decision 1/CMP.7 on their quantified emission limitation or reduction objectives for the second commitment period under the Kyoto Protocol

Government of Australia (2010a). Australia's pledge to the Copenhagen Accord. Compiled in: Compilation of economy-wide emission reduction targets to be implemented by Parties included in Annex I to the Convention, UNFCCC (2011).

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Lubcke (2013). A Review of the Viability of the Coalition's "Direct Action Plan"

Reputex Carbon Analytics (2013). Emissions Trading versus Direct Action

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

See also references for the Climate Action Tracker Australia report: see full list

@font-face { font-family: "Cambria Math"; }@font-face { font-family: "Ubuntu Light"; }p.MsoNormal, li.MsoNormal, div.MsoNormal { margin: 6pt 0cm 0.0001pt; text-align: justify; line-height: 14.15pt; font-size: 9pt; font-family: "Ubuntu Light"; }p.MsoFootnoteText, li.MsoFootnoteText, div.MsoFootnoteText { margin: 6pt 0cm 0.0001pt; text-align: justify; line-height: 9.9pt; font-size: 6.5pt; font-family: "Ubuntu Light"; }span.MsoFootnoteReference { vertical-align: super; }span.FootnoteTextChar { font-family: "Ubuntu Light"; }.MsoChpDefault { }div.WordSection1 { page: WordSection1; } Clean Energy Legislation[1].

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[1] „The Australian Government will abolish the carbon tax from 1 July 2014. This will lower costs for Australian businesses and ease cost of living pressures for households." http://www.environment.gov.au/carbon-tax-repeal/

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