



ADVISORY REPORT TABLED ON THE CLEAN ENERGY AMENDMENT BILLS 2012

The House Economics Committee has recommended that Parliament pass the bills that amend the *Clean Energy Act 2011*, and associated acts, to allow Australia's carbon pricing mechanism to be linked with international emissions trading schemes. The package consists of seven bills, with the substantive provisions contained in the Clean Energy Amendment (International Emissions Trading and Other Measures) Bill 2012.

The bills provide the legislative framework for entities to purchase and surrender eligible international carbon units to discharge liabilities from the flexible price period of Australia's emissions trading scheme.

The flexible price period will start in 2015 and the amendments in the bills will facilitate a link between the Australian emissions trading scheme and the European Union Emissions Trading System (EU ETS) from this time. The provisions also provide the flexibility for Australia to link with other emissions trading schemes in the future.

To make possible the link with the EU ETS, the floor price for carbon units has been removed and the number of Kyoto units that can be surrendered by liable entities has been limited to 12.5 per cent per annum. The committee reviewed these amendments and concluded that they were necessary to ensure the efficient operation of Australia's carbon market and the environmental integrity of Australia's scheme.

The amendments will also provide flexibility around auctions of Australian carbon units, and ensure universal coverage of the natural gas sector. The committee believes these amendments will help enhance the operation of Australia's scheme.

The committee Chair Ms Julie Owens, said 'The bills represent an exciting step in the development of Australia's carbon trading scheme. Linked carbon markets can create a global market place that fosters least-cost abatement and contributes to an international solution to climate change.'

The report includes a dissenting report by the Coalition members of the committee.

For media comment: Please contact the Committee Chair Julie Owens MP:

Electorate: (02) 9689 1455

Parliament: (02) 6277 4134

Mobile: 0418 772 457

For background information: Please contact the committee secretariat:

Phone: (02) 6277 4564 Email: economics.reps@aph.gov.au Website: www.aph.gov.au/economics