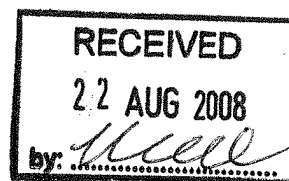




22 August 2008



Australian Conservation Foundation

Submission to the Joint Standing Committee on Treaties

Review of the Kyoto Protocol

Introduction

ACF welcomes the opportunity to provide a submission to this review. This submission looks at the impacts of climate change in Australia, the opportunities arising from the ratification of the Kyoto Protocol and the resulting implications for Australia's position in future international negotiations.

Climate change is a global problem that needs a global solution. Australia is in a key position to play a responsible leadership role on the global and regional stage. The ability of Australia to play a credible leadership role in international treaty negotiations on climate change depends on the extent to which Australia leads by example to set an environmentally effective emission reduction target for the domestic carbon pollution reduction scheme, and advocates for a global agreement that is environmentally effective and internationally equitable.

The government-commissioned Garnaut report argues convincingly that it is firmly in Australia's national interest to act strongly and to lead for an effective global agreement.

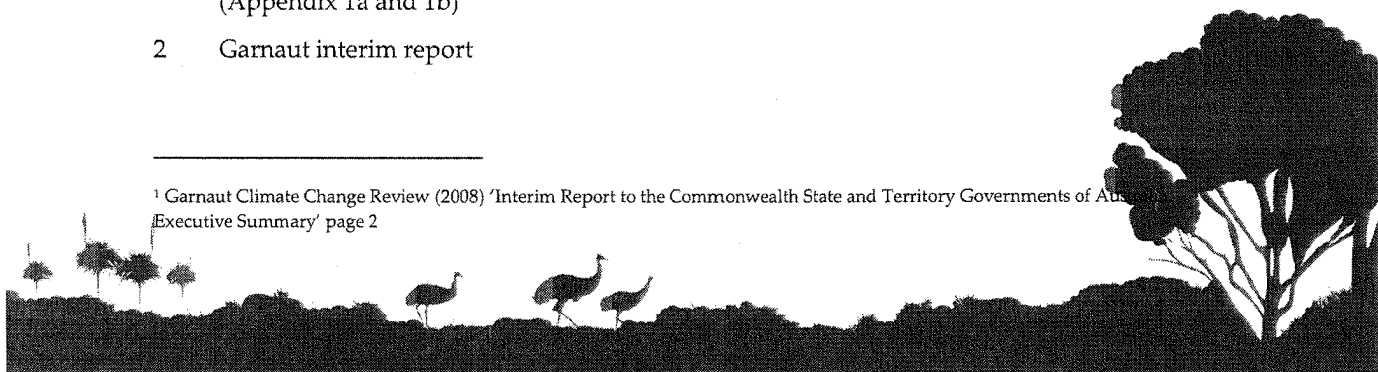
"Australia's interest lies in the world adopting a strong and effective position on climate change mitigation. This interest is driven by two realities of Australia's position relative to other developed countries: our exceptional sensitivity to climate change; and our exceptional opportunity to do well in a world of effective global mitigation."¹

1. Prospective impacts of global warming and climate change on Australian industry, agriculture, transport and the environment.

We refer the Committee to the findings of:

- 1 Business Roundtable on Climate Change report (2006) and the report from the CSIRO (Appendix 1a and 1b)
- 2 Garnaut interim report

¹ Garnaut Climate Change Review (2008) 'Interim Report to the Commonwealth State and Territory Governments of Australia Executive Summary' page 2



The most recent scientific evidence indicates that our climate is already changing faster than predicted and in more serious ways than first modelled. Temperatures have risen and we are getting less rain in southern Australia. These changes threaten key sectors of the economy, including agriculture and tourism. Climate change will hurt our cities and impact human health.

2. The opportunities and obligations arising from ratification of the Kyoto Protocol, including Australia's development of an emissions trading scheme

Obligations

The central obligation arising from Australia's ratification of the Kyoto Protocol is for our greenhouse gas emissions to be kept below 108 per cent of 1990 levels, by 2012.. Fulfilling this obligation and subsequent emission reductions for the next commitment period will require Australia to implement programs and policies to reduce emissions, such as an emissions trading scheme.

As identified by the Garnaut Review, it is in Australia's interests to see a successful global agreement that mitigates global emissions and climate change impacts. Agreeing to and meeting deeper, science based emission reductions is essential if Australia is to influence other countries towards agreeing to stronger commitments of their own.

Australia's international credibility to lead and achieve an environmentally effective global agreement will either be bolstered, or undermined, by our domestic targets

Opportunities

The direct opportunities arising from our ratification of the Kyoto Protocol are access to 'flexibility mechanisms' (Clean Development Mechanism, Joint Implementation). Trade in carbon credits under these mechanisms reached almost \$30 billion in 2006. As Australia scales up its reach and implementation of renewable energy generation capacity and energy efficiency new opportunities for export income and employment will arise from a constructive engagement in a new global agreement including scale up of the Kyoto Protocol's 'flexibility mechanisms' to fast track clean development pathways in developing countries.

Taking strong action to tackle climate change is also consistent with strong jobs growth for Australians according to a report based on CSIRO economic modelling released by the Dusseldorp Skills Forum (DSF) and released with ACF in July 2008. (Refer Appendix 2: Growing the Green Collar Economy). Using two different economic models, CSIRO found that if Australia takes significant action to cut greenhouse gas emissions national employment will still increase by between 2.6 million and 3.3 million over the next two decades.

3. The position Australia should be taking to future international negotiations concerning the 'second commitment period' (beyond 2012) – for itself and other nations

The two key tests of Australia's position in future international negotiations must be the extent to which Australia's position supports a global agreement that is:

- 1 Environmentally effective
- 2 Internationally equitable

3.1 Environmentally effective – setting a developed country target

Developed countries have made a bigger contribution to the problem, have higher emissions per person and more wealth, compared to developing countries. Many developed countries also have low cost opportunities to reduce emissions. Based on these criteria, developed countries must take on the lion's share of the global reduction target.

How much developed countries need to do as a group depends on how big the global reduction target is and how it is divided up. Based on recent science the effort needed is higher than initially thought. Research for the UK government in 2006 concluded that in order to have an 8 to 57% chance of avoiding 2°C temperature rise developed countries will need to reduce their emissions by at least 30 per cent by 2020 and 80–90 per cent by 2050, against 1990 levels.²

In 2007 the IPCC had a similar conclusion, that to keep warming between 2.0–2.4 °C above the pre-industrial average, developed countries will need to reduce their emissions by 25–40 per cent below 1990 levels by 2020 and 80–95 per cent by 2050.

Evidence release since the publication of these two reports has found that the climate may be more sensitive to greenhouse gases than we thought.³ Also greenhouse gas emissions are rising more rapidly than projected in worst case IPCC scenarios, implying developed countries will need to make a greater contribution to solving the problem.⁴ Therefore the targets set out above now appear too low.

Scientists are developing new pathways that will help set out the reductions developed countries must reach to avoid a 2 °C temperature rise. We must take a precautionary approach to the best science currently available to have the best chance of avoiding a 2 °C temperature rise and triggering climate “tipping points”.

Therefore developed countries as a group will need to reduce emissions by at least the top end of the range set out by the IPCC. A precautionary approach to the latest climate science necessitates a higher ambition than the ranges set out by the IPCC.

Developed countries as a group should take on a reduction target in the order of at least 50 per cent below 1990 levels by 2020 and become carbon neutral well before 2050.

In order to realise a developed country target at the high end of the IPCC range initiatives will need to be funded in developing countries. This would include funding to reduce emissions from deforestation.

For Australia to do its fair share and encourage other developed countries to do the same, we must be willing to:

- 1 Make a unilateral cut in our own emissions of at least 30 per cent by 2020, below 1990 levels.
- 2 Leverage others to do their fair share, by offering to reduce our emissions by 40 per cent by 2020 if other developed countries commit to a comparable effort.

² den Elzen M.G.J, Meinshausen M. (2006) 'Multi-gas Emission Pathways for Meeting the EU 2°C Climate Target' Published in 'Avoiding Dangerous Climate Change' UK Department of Environment, Food and Rural Affairs page 306 accessed at <http://www.defra.gov.uk/environment/climatechange/research/dangerous-cc/index.htm> May 2007

³ Hansen, Sato, Kharecha, et al. 2008: Target Atmospheric CO₂: Where Should Humanity Aim? Columbia University Earth Institute, New York, USA. Accessed April 2008 at http://www.columbia.edu/~jeh1/2008/TargetCO2_20080407.pdf

⁴ Garnaut, R., Howes, S., Jotzo, F. and Sheehan, P., 2008: Emissions in the Platinum Age: The implications of rapid development for climate change mitigation. Accessed May 2008 at: [http://www.garnautreview.org.au/CA25734E0016A131/WebObj/OXREP_paper_2-05-08/\\$File/OXREP_paper_2-05-08.pdf](http://www.garnautreview.org.au/CA25734E0016A131/WebObj/OXREP_paper_2-05-08/$File/OXREP_paper_2-05-08.pdf)

- 3 Undertake to fund avoided deforestation in developing countries, over and above our domestic emission reduction commitments.

While these targets are challenging, the IPCC and the Stern Review both found the costs of reducing emissions is much lower than may be expected. The strongest mitigation assessed by the IPCC was found to cost the global economy GDP less than 0.12 per cent per year.⁵ Stern estimated the costs of mitigation at 1 per cent of global GDP by 2050, while the damage caused by climate change, the cost of inaction, could rise to 20 per cent.⁶ Sir Nicholas Stern recently said his review underestimated the magnitude of avoided damages.⁷

3.2 Internationally equitable

In meeting a global carbon pollution reduction target, different countries will have different targets, because they have made different contributions to the problem. Developed countries have created more than 75 per cent of emissions to date and have much higher per capita emissions than developing countries⁸ Countries with stronger economies are best placed to reduce emissions and better able to adapt to climate change impacts.

A number of methods have been proposed to allocate equitably a portion of the global reduction target to individual countries.

The UNFCCC's principle of 'common but differentiated responsibilities' should be translated into clear and fair criteria for determining national emissions obligations, incorporating the following such ACF believes four major factors should be considered:

- **Contribution to the problem.** Developed countries have contributed more emissions to date. Using cumulative emissions is a better measure than annual emissions.
- **Emissions per person.** Using per capita emissions is a more equitable method than national emissions, but does not address all equity issues.
- **Abatement.** Different countries have different opportunities to reduce emissions at different costs to their economies.
- **Wealth.** Richer countries have the resources to make the biggest reductions. Some rapidly developing countries should adopt commitments consistent with their level of development, but the poorest developing countries cannot be expected to pay for adaptation or mitigation of a problem they didn't create.

3.3 Engaging China and India

Per capita emissions in rapidly developing countries are still much lower than developed countries. But with rapid economic growth in India and China, world emissions will still exceed the 2°C threshold unless developing countries also take action. Despite their high rates of economic growth, both countries are already undertaking considerable action to reduce the

⁵ IPCC, 2007: Climate Change 2007: Synthesis Report, November 2007.

⁶ Stern Review, 2006: Stern Review: The Economics of Climate Change, Accessed May 2007 at: http://www.hm-treasury.gov.uk/media/8AC/F7/Executive_Summary.pdf

⁷ Stern, N. 2008: Economics of Climate Change, Richard T. Ely Lecture, New Orleans, January 4th. Accessed May 2008 at: http://www.occ.gov.uk/activities/stern_papers/Ely%20lecture%2020.12.2007%20no%20notes.pdf

⁸ World Resources Institute, 2008: Climate Analysis Indicators Tool (CAIT) Version 5.0. Washington, D.C., USA.

greenhouse intensity of their economy. The post 2012 negotiations will have to consider a range of mechanisms to assist developing countries to switch from dirty to sustainable development, such as sectoral emission reduction targets, national energy efficiency goals, and one sided targets as an incentive to reduce emissions below business as usual levels. Australia has a role to play in bringing these options to the negotiating table in an effort to ensure an equitable and environmentally effective agreement. Australia will stall progress if it makes our own emission reduction commitments conditional on unfair commitments by developing countries.

3.4 Fund adaptation adequately and appropriately

Developing countries have contributed the least to greenhouse gas emissions, but they will be the hardest hit by climate change, especially Australia's vulnerable Pacific neighbours. Adaptation will be expensive, and costs will increase dramatically if early emissions cuts are not achieved.

Voluntary funding by developed countries has failed. Rich countries have pledged to the UNFCCC's funds less than 1 per cent of the \$50b that Oxfam International estimates is needed each year even if strong global action is taken to reduce emissions. Oxfam has compared historic responsibility for accumulated emissions with capability to help, and found that the USA, European Union, Japan, Canada, and Australia should contribute over 95 per cent of adaptation funding. Australia's share is 2.9 per cent of the world total, or \$US1.5 billion annually. Therefore, a more consistent, predictable, reliable and substantial source of funding is needed. This funding must be in addition to any current aid and development budgets. With strong targets, the carbon pollution reduction scheme (CPRS) could raise around \$20 billion per annum, a small portion of which needs to be hypothecated to developing country adaptation costs.

3.5 Fund technology transfer adequately and appropriately

While the flexibility mechanisms (CDM & JI) have increased investment in low carbon technologies in developing countries, technology transfer mechanisms and funding need to be scaled up. Technology cooperation forums such as the AP6 have generated even smaller investment than the Kyoto Flexible mechanisms. By comparison, the UNFCCC financial flows paper predicts that by 2030 US \$210 billion will have to be invested in global mitigation efforts in non-Annex 1 countries. Tens of billions will need to be invested each year in adaptation efforts in developing countries. Australia has an opportunity to propose new mechanisms for technology transfer that ensure developing countries can follow a clean, low carbon development path rather than reproduce the carbon intensive economies of developed countries. In Australia, technology transfer could be funded from a dedicated portion of CPRS revenue as well as general budget expenditure.

3.6 Reduce emissions from deforestation in developing countries (REDD)

Deforestation accounts for around 20 per cent of global greenhouse gas emissions, which is greater than all emissions from global transport. Existing initiatives to reduce deforestation have failed to achieve large scale forest conservation. New policies and incentives will be needed to ensure:

- 1 emissions from deforestation are reduced substantially and promptly, in addition to emission reductions in developed countries;
- 2 policies for REDD benefit forest communities and are equitable, and

- 3 policies for REDD also have other environmental benefits. Current Australian Government initiatives are too small to be effective and should involve forest communities in decisions about their future. Australia's own emissions from deforestation are still substantial.

Australian funding for REDD should be scaled up through funding from CPRS revenue, rather than ad hoc funding. Emission reductions from our involvement in REDD should not generate credits in our domestic CPRS and should not count towards our domestic emission reduction target.

Recommendations

That the Australian Government:

1. Acknowledge that it is in Australia's national interest to take a leadership role in reaching a global agreement to keep warming as far below 2 degrees as possible.
2. Set a domestic carbon pollution reduction target that is environmentally effective and is an equitable share of the global emission reduction effort. This requires:
 - committing to unilaterally cut Australia's emissions to at least 30 per cent below 1990 levels by 2020;
 - leveraging other countries to do their fair share by offering to reduce Australia's emissions by 40 per cent by 2020 if other developed countries commit to a comparable effort;
 - further undertaking to fund avoided deforestation in developing countries, over and above our domestic emission reduction commitments.
3. Advance constructive proposals to provide incentives for developing countries to reduce their emissions below 'business as usual'.
4. Commit to provide our fair share of adaptation (US \$1.5 billion per annum) and technology transfer funding.

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The Australian Conservation Foundation is committed to achieve a healthy environment for all Australians. We work with the community, business and government to protect, restore and sustain our environment.

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