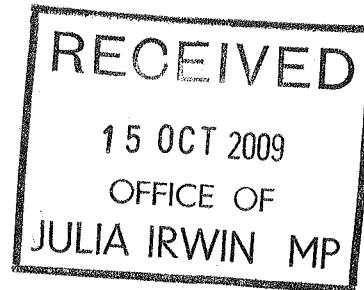




Minister for Climate Change and Water

08 OCT 2009

Mrs Julia Irwin MP
Chair
Standing Committee on Petitions
Parliament House
CANBERRA ACT 2600



Dear Mrs Irwin

Thank you for your letter of 11 June 2009 concerning two petitions submitted to the Standing Committee on Petitions regarding the Carbon Pollution Reduction Scheme (CPRS).

Tackling the challenge of climate change is one of the Australian Government's highest priorities. The Government has committed to ambitious emissions reduction targets and is implementing a comprehensive nationwide response to climate change: reducing emissions; adapting to unavoidable climate change; and helping to shape a global response. These actions will safeguard our environment, sustain our society, and support our economy for the years ahead.

The Government is committed to reducing national emissions to 25 per cent below 2000 levels by 2020 in the context of a comprehensive global agreement capable of stabilising atmospheric concentrations of greenhouse gases at 450 parts per million (ppm) CO₂-equivalent or lower. This recognises the finding of the *Garnaut Climate Change Review* that fair and effective global action that stabilises greenhouse gases at this level would be in our national interest.

If global commitments in the next few years fall short of being capable of achieving this stabilisation goal, the Government remains committed to the medium term target range set out in the December 2008 White Paper. This includes an unconditional commitment to reduce emissions to 5 per cent below 2000 levels by 2020, regardless of the commitments and actions of other nations. It also includes a commitment to reduce emissions by up to 15 per cent on 2000 levels by 2020 in the context of an international agreement where major developing economies commit to substantially restrain emissions, and advanced economies take on commitments comparable to Australia's, but global action falls short of stabilisation at 450 ppm or lower.

Australia's 2020 targets are a credible and constructive contribution to global action. The 25 per cent commitment would involve comparable or more ambitious action than the 2020 targets announced by other nations, taking account of different national circumstances.

The Government recognises that Australian households want to take further action to reduce Australia's carbon pollution. That is why the Government has announced a suite of measures to support voluntary action to reduce greenhouse gas emissions.

To recognise household and business action in purchasing GreenPower, the Government will take purchases of additional accredited GreenPower above a baseline into account in setting future CPRS caps. The Government will also cancel international units for these additional GreenPower purchases. This means individuals and businesses taking these actions will achieve an emissions reduction beyond our national target.

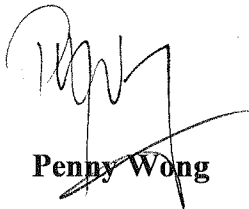
Through the Australian Carbon Trust, all Australians can purchase and retire as many carbon pollution permits as they like. This will ensure Australia reduces emissions by an even greater amount than the CPRS targets. The Government will cancel an equivalent number of international units for all carbon pollution permits purchased by Australians through the Carbon Trust.

The Australian Carbon Trust will also allow Australians to purchase carbon offset credits that comply with the Government's forthcoming National Carbon Offset Standard. Purchases of both carbon pollution permits and offsets will be tax deductible.

Measured, sensible action is required to lower our carbon pollution, secure our future prosperity and create the skilled jobs of the future. The Government remains committed to reducing Australia's greenhouse gas emissions in an economically responsible manner and creating a prosperous low pollution economy in which Australia's environment is protected and Australian society continues to flourish.

Thank you for bringing these issues to my attention.

Yours sincerely



Penny Wong