



Australian Government
Department of Climate Change



Senator Mark Bishop
Chair
Senate Foreign Affairs, Defence and Trade Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator Bishop

Thank you for your letter of 10 December 2008 to the Minister for Climate Change and Water, Senator the Hon Penny Wong, inviting the Department of Climate Change (DCC) to contribute to the Senate Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the economic and security challenges facing Papua New Guinea and the islands states of the Southwest Pacific.

Please find enclosed DCC's submission which has been approved by the Minister.

The Assistant Secretary of the International Negotiations (Forests and Adaptation) Branch, International Division, Ms Clare Walsh, is the contact in the Department for the Inquiry. Should you have any further questions please do not hesitate to contact Ms Walsh by phone on 02 6274 1966 or by email at clare.walsh@climatechange.gov.au.

Thank you for the opportunity to contribute and I trust that the submission will be of assistance. I have copied this letter and submission to the Committee Secretary, Dr Kathleen Dermody, for her information.

Yours sincerely

Jan Adams
First Assistant Secretary
International Division

9 February 2009



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**INQUIRY INTO THE ECONOMIC AND SECURITY CHALLENGES
FACING PAPUA NEW GUINEA AND THE ISLANDS STATES OF THE
SOUTHWEST PACIFIC**

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE**

SUBMISSION BY THE DEPARTMENT OF CLIMATE CHANGE

JANUARY 2009

Introduction

Pacific Island Countries are comprised of low-lying coral atolls and reef and volcanic islands. The limited size, physical infrastructure, low adaptive capacity and isolation of these countries increase their susceptibility to natural disasters and particularly increase their vulnerability to the impacts of climate change. The projected impacts of climate change have the potential to exacerbate existing challenges in Pacific Island Countries particularly the pursuit of sustainable development due to the environmental, social and economic implications of these impacts.

More than 50 per cent of the population of the Pacific islands live within 1.5 kilometres of the coast. The Intergovernmental Panel on Climate Change Fourth Assessment Report indicates that small islands, such as those found in the Southwest Pacific, are especially vulnerable to the effects of climate change, sea-level rise, and extreme weather events. Sea-level rise is expected to exacerbate inundation, storm surge, erosion and other coastal hazards, therefore threatening vital infrastructure, settlements and facilities on which island communities are dependent.

Deterioration in coastal and sea conditions resulting in erosion of beaches, sea water intrusion into freshwater supplies, coral bleaching, and impacts on the health of marine ecosystems is expected to affect local resources such as food, water and fisheries. As a result of climate change, water resources in many small islands may be insufficient to meet demand during low-rainfall periods by mid-century. In conjunction with soil salinisation, agricultural production in Pacific Island Countries is highly likely to be adversely affected. With higher temperatures, increased invasion by non-native species is expected to occur, particularly on mid- and high-latitude islands (Mimura *et al*, 2007).

Climate change impacts also have other dimensions including economic, such as impacts on tourism; increased health issues, for example the transmission and exacerbation of diseases; and may also have the potential to drive internal movement or migration of people in response to environmental stresses. The impacts of climate change on security are less direct and, if to occur, would arise as a result of the preceding stressors.

Role of the Department of Climate Change

The Department of Climate Change supports Government by leading and coordinating the cost effective mitigation of climate change, adaptation to its impacts, and the shaping of global solutions.

Within the Department, the International Division is responsible for developing Australia's international climate change policy and strategy. It leads work on international climate change negotiations for Australia, including under the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol and the climate change aspects of other major international fora. It is also responsible for climate relations with important regions and regional organisations for Australia, including the Pacific, Asia-Pacific Economic Cooperation and East Asia Summit; as well as the bilateral climate change partnerships that Australia has with a number of other countries, including the United States, China, New Zealand, the European Union, the United Kingdom, Japan and South Africa. The Department also jointly manages, with the Australian Agency for International Development (AusAID), the International Forest Carbon Initiative (IFCI), and the related Forest Carbon Partnerships with Indonesia and Papua New Guinea, that focus on reducing emissions from deforestation and forest degradation in developing countries (REDD).

In terms of the Pacific, the Pacific and Adaptation Negotiations Section is responsible for steering and coordinating the Australian Government's effective engagement on climate change in the

Pacific region and in multilateral negotiations on adaptation. This includes developing Australia's strategic climate change priorities for the Pacific region and overseeing and advancing Australia's climate change relationships with countries in the Pacific. The section also works to mobilise multilateral support for a post-2012 climate change outcome at the UNFCCC that is sensitive to Pacific priorities as well as progressing Australia's interests on adaptation.

The International Forest Carbon Section has key responsibility for developing and furthering Australia's policies on reducing emissions from REDD for a post-2012 climate change outcome. The Section is also responsible for ensuring that the implementation of the Australian Government's \$200 million IFCI helps to achieve that outcome. The IFCI aims to demonstrate that REDD can be part of an equitable and effective global outcome on climate change. Key to the IFCI are bilateral Forest Carbon Partnerships Australia has signed with Indonesia and Papua New Guinea. These Forest Carbon Partnerships aim to support Indonesia's and Papua New Guinea's efforts in reducing emissions from deforestation and forest degradation.

The Adaptation and Land Management Division is responsible for developing and implementing a strategic approach to climate change adaptation and land management issues, and coordinating climate change science activities. The Pacific Adaptation Team within the Adaptation Division jointly administers the Government's \$150 million International Climate Change Adaptation Initiative (ICCAI) with AusAID. The Section's primary responsibility is implementation of the science and vulnerability assessment components of the ICCAI, drawing on its experience in managing similar programs in Australia.

The Australian Government's approach to climate change in the Pacific

The Department's International Division is responsible for developing Australia's climate change policies and strategies in consultation with AusAID and the Department of Foreign Affairs and Trade, as one element of the Government's Pacific Engagement Strategy.

The Australian Government is committed to an elevated engagement with Pacific Island Countries. On 6 March 2008, the Prime Minister, the Hon Kevin Rudd MP, released the Port Moresby Declaration. A central element of the Declaration is the establishment of Pacific Partnerships for Development with Pacific Island Countries.

Pacific Partnerships for Development commit Australia and our Pacific partners to work together to meet common challenges and aim to assist our partners make more rapid progress towards achieving the Millennium Development Goals and their own development ambitions. Issues relating to climate change are considered in the development of each Partnership. AusAID, supported by the Department of Foreign Affairs and Trade, has lead responsibility for the development of the Partnerships. Partnerships with Papua New Guinea and Samoa were signed in August 2008. Partnerships are expected to be signed with Solomon Island and Kiribati by the end of January 2009, and with Vanuatu, Tonga and Tuvalu by August 2009.

Climate change was also the theme of the 2008 Pacific Island Forum Leaders' meeting at Niue 19-20 August, where the Prime Minister and his counterparts adopted the Niue Declaration on Climate Change. The declaration commits Forum members, including Australia, to continue to develop ways of combating climate change that are tailored to the Pacific.

Australia has been active in advocating Pacific views within the UNFCCC and in fora that complement the UNFCCC. In July 2008 at the Group of Eight (G8) Summit in Japan, the Prime Minister impressed upon G8 leaders that climate change is already a reality for Pacific Island Countries.

Australia has also agreed to co-sponsor a Pacific Small Island Developing States United Nations General Assembly draft resolution inviting the United Nations Security Council to consider the implications of climate change for international peace and security.

Mitigation

Pacific Island Countries make a minimal contribution to greenhouse gas emissions. In 2005, greenhouse gas emissions from Pacific Island Countries comprised approximately 0.04 per cent of the total world emissions¹ (World Resources Institute, 2009). Given this, Australia's climate change support in Pacific Island Countries – outside of Papua New Guinea – does not focus on mitigation. However, Australia is supporting some mitigation actions, such as the installation of renewable energy, through a \$1.5 million AusAID contribution to the Renewable Energy and Energy Efficiency Partnership for projects in the Pacific.

International Forest Carbon Initiative (IFCI)

Australia recognises that REDD can play an important role in greenhouse gas mitigation efforts. Currently, international carbon markets under the Kyoto Protocol do not include REDD, because countries lacked certainty at the time the Protocol was negotiated that any claimed emissions reductions were genuine. At the Bali Climate Change Conference in December 2007, countries agreed to work towards including REDD in a future global outcome on climate change. Australia fully supports this effort and the Australian Government's \$200 million IFCI is an important part of Australia's international leadership on this issue.

The Initiative has three key features:

- to increase international forest carbon monitoring and accounting capacity;
- to undertake practical demonstration activities to show how REDD can be included in a post-2012 global outcome on climate change; and
- to support international efforts to develop market-based approaches to REDD.

REDD is currently garnering substantial attention from a range of actors, including developing and developed countries, non-government organisations and inter-governmental organisations. They each recognise REDD as a cost-effective and time-efficient climate change mitigation option with potential to provide an additional source of income to support the sustainable growth of forested developing countries.

A key part of the Initiative, relevant to the inquiry, is the Papua New Guinea - Australia Forest Carbon Partnership, signed by Prime Ministers Rudd and Somare on 6 March 2008. The Partnership aims to support Papua New Guinea's participation in a future international carbon market. Australia has committed to three initial areas of cooperation with Papua New Guinea: a strategic policy dialogue on REDD to support Papua New Guinea in developing their national REDD policies and programs; scientific, technical and analytical support to assist Papua New Guinea develop its own national carbon accounting system; and the identification and implementation of incentive-based REDD activities to demonstrate Papua New Guinea's readiness

¹ Included in this figure is data from the Cook Islands, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu. Due to the unavailability of data, emissions from other Pacific Island Countries are excluded from this figure.

to participate in international carbon markets and to provide lessons to inform international negotiations.

Australia has announced \$3 million to support initial activities under the Partnership. These funds will be used to support whole-of-government policy development and planning, improve forest carbon accounting and help prepare Papua New Guinea to participate in international carbon markets.

However, significant challenges remain in implementing REDD in Papua New Guinea for a variety of reasons. In particular, Papua New Guinea will need to build skills and capacity in REDD, including in policy development, sustainable forest management, forest and carbon accounting and monitoring and the appropriate governance and enforcement regimes to support REDD activities. Papua New Guinea's land tenure arrangements will require local communities to be engaged, consulted, educated and actively participate in REDD activities. Australia and other donors, including United Nations agencies, the World Bank and the Government of Norway, are offering significant assistance to help Papua New Guinea develop appropriate policies and programs for REDD.

Key to any successful international carbon market is private sector involvement. In his 2006 report on the economics of climate change, Sir Nicholas Stern estimated that an annual investment in the order of \$10 billion would be needed to halve the rate of deforestation. Involvement of the private sector is clearly necessary in order to generate the amounts of investment required. If significant investment was undertaken in Papua New Guinea it would present an opportunity to develop local private sector involvement in REDD activities, which would also potentially provide significant employment opportunities and alternative livelihoods for forest dependent people.

Adaptation

The Australian Government recognises that Pacific Island Countries are particularly vulnerable to the impacts of climate change. In many cases their capacity to adapt to climate change impacts is low while the cost of adaptation is high. Australia has comparative strengths in climate change science and adaptation which are relevant to, and can assist with, the region's needs. Assisting Pacific Island Countries to prepare for and respond to the impacts of climate change is therefore a central element of the Government's climate change support in the Pacific region.

International Climate Change Adaptation Initiative (ICCAI)

Through the ICCAI, \$150 million has been committed over three years, with \$35 million in 2008-09, to meet high priority climate adaptation needs in vulnerable countries in the Pacific region. The primary geographic emphasis of the program will be Australia's neighbouring island countries, but targeted policy and technical assistance will also be available for other countries in the region.

The objectives of the program are to:

- establish a sound policy, scientific and analytical basis for long-term Australian action to help developing partner countries adapt to the impacts of climate change;
- increase understanding in partner countries of the impacts of climate change on their natural and socioeconomic systems;

- enhance partner country capacity to assess key climate vulnerabilities and risks, formulate appropriate adaptation strategies and plans, and mainstream adaptation into decision making; and
- identify and help finance priority adaptation measures to increase the resilience of partner countries to the impacts of climate change.

The program consists of four principal components. The first component will improve scientific information on, and understanding of, climate change by generating improved climate change information to assist decision-makers. This component will engage with, and build the capacity of, scientific communities in partner countries, including through cooperative research partnerships.

The second component, strategic planning and vulnerability assessment, will increase the level of understanding of key climate vulnerabilities at the regional, national and sectoral levels, and ensure that decision-makers have access to the right information and tools to support adaptation planning and action.

The third component will finance the implementation of priority adaptation measures. It will also assist in developing national capacity to cope with climate change impacts in the longer term. Activities implemented under the climate adaptation initiative will be well coordinated with the adaptation activities of other donors and multilateral agencies in partner countries, particularly in the Pacific.

The fourth component is a significant increase in Australia's contribution to multilateral financial mechanisms for climate change adaptation.

Australia is developing the ICCAI in consultation with partner countries, Pacific regional organisations, other donors and multilateral agencies.

Two particular priorities in delivering assistance under the ICCAI are:

- effective coordination with other donors, multilateral agencies and Pacific regional organisations to ensure support is complementary; and
- building the capacity of Pacific Island Countries and supporting Pacific regional organisations to strengthen national and regional capacity to manage the impacts of climate change.

Initial investments under the ICCAI to meet immediate needs and also lay the foundation for further work include:

- a \$3 million Pacific Future Climate Leaders program to train future Pacific climate change leaders through scholarships, exchange programs and community education.
- \$6 million over three years to the Global Environment Facility's Small Grants Program to support community-based adaptation programs in the Asia-Pacific Region.
- \$5 million to help deliver and coordinate scientific and technical assistance to tackle climate change.
- strengthening Pacific meteorological services in partnership with New Zealand and Pacific Island Countries, and support for a technical paper under the UNFCCC on mechanisms to manage financial risks from the impacts of climate change in developing countries.

In developing the ICCAI, initial consultations in the Pacific region have highlighted:

- recognition of the need for effective coordination of existing and planned donor support;
- a desire for long-term engagement with the Australian Government on the region's adaptation challenges, going beyond short-term, project-oriented approaches;
- the need to generate and communicate better scientific information on climate change vulnerabilities and impacts to support evidence-based planning, together with a need to mainstream climate change into national development planning and budgetary processes;
- the importance of moving quickly to support high-priority 'no regrets' adaptation measures, especially at the community level; and
- that significant work has been undertaken already that contributes to the achievement of climate change adaptation objectives, especially in disaster risk reduction, environment, livelihoods and health.

References

Mimura, N., L. Nurse, R.F. McLean, J. Agard, L. Briguglio, P. Lefale, R. Payet and G. Sem. 2007. Small Islands. In: *Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, M.L. Parry, O.F. Canziani, J.P. Palutikof, P.J. van der Linden and C.E. Hanson, Eds., Cambridge University Press, Cambridge, UK, 687-716.

World Resources Institute, Climate Analysis Indicators Tool, accessed on 15 January 2009, <http://cait.wri.org/>