

Prime Minister Julia Gillard
Parliament House, Canberra ACT 2600
CC: Penny Wong, Minister for Climate Change and Water
July 2 2010

Re: Congratulations on your opportunity to take real climate leadership

Dear Prime Minister Gillard,

I am writing from the Climate Action Network Australia (CANA), the umbrella group of over 70 non-government organisations working to address climate change in Australia and the Australian arm of the Climate Action Network International.

CANA congratulates you on your new role as the Prime Minister of Australia. We are looking forward to working with you to effectively and swiftly address climate change in Australia and at an international level. We are comforted to know the gravity with which you understand the issues and risks associated with climate change, as reflected in your statement in a 2008 speech that

“We all know that our planet is getting hotter – climate change is the biggest social and economic challenge of our generation. The science is overwhelming and after years of inaction, we can no longer sit on our hands and hope that the problem goes away.” (http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_081030_150449.aspx).

We are glad that you now have the opportunity to fill the vacuum in the Government's climate policy and act on the mandate the Australian public gave the Government at the 2007 election. Acting effectively on this mandate will protect Australia's economic competitiveness, business certainty and future prosperity, and provide the opportunity to protect Australia's environment and people by building momentum for a global agreement to prevent dangerous levels of global warming.

There is community consensus for action on climate change across Australia. Recent polling showed an overwhelming 79 per cent of respondents believe Australia should either begin reducing carbon pollution before other countries, or start reducing regardless of when other countries choose to act.

Attached is a briefing that we recently shared with Minister Wong's and former Prime Minister Kevin Rudd's climate advisors proposing a suite of actions the Government should take to set Australia on the path to making effective emissions reductions in the short to medium term. CANA believes that the Australian Government can show real leadership through action in the following key areas:

- > Introducing a price on carbon
- > Ensuring that Australia's greenhouse pollution levels begin falling by 2012 through such measures as replacing Australia's dirtiest coal-fired power station, Hazelwood, with clean energy.
- > Introducing measures that prevent the construction of new coal-fired power stations.

Further detail on these policy initiatives is provided overleaf. We would appreciate meeting with you and your climate advisor at your soonest convenience to directly discuss how to discuss the possibilities and support for these climate policy recommendations.

Yours sincerely,



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Opportunities for short-term climate policy

Australia, and the rest of the world is at a cross-roads. Decisions taken in the next one to five years will materially affect our ability to respond effectively to climate change. The options proposed below are not exhaustive, or exclusive, but are initial steps the Government could take to set Australia on the path to making effective emissions reductions in the short-medium term.

The Australian Government can show real leadership through action in the following key areas:

- > Introducing a price on carbon
- > Peaking Australia's emissions by 2012
- > Committing to no new coal power

1. Introducing a price on carbon

Current situation

- Australia has put its plans to implement an emissions trading scheme on hold, damaging our international reputation and jeopardizing our chances of securing a head start in the new world clean energy economy.
- The most efficient way to reform Australia's economy away from emissions intensive industries and practices remains to implement a carbon price, which would stimulate investment where it is needed and discourage investment in polluting technologies.
- Australia's climate change advisor, Ross Garnaut, proposed a sensible course of action for Australia should the Copenhagen conference end in uncertainty about the new global framework on climate change.
- Garnaut proposed a \$20 per tonne carbon price for greenhouse pollution permits be implement, with no permit trading, while we are in the "waiting game" scenario, working, with the rest of the world, towards a comprehensive global deal.

Opportunity for action:

- Institutional arrangements for an interim fixed price in 2011 could be established quickly after a federal election, if the cooperation of the Senate was secured for the basic legislative framework.

2. Peaking Australia's emissions by 2012

Current situation:

- Australia's most recent national communication to the UNFCCC for the year 2007 showed an increase in greenhouse emissions of around 30% since 1990 (This figure does not include emissions from the land sector, which fluctuate wildly from year to year and were very high in 2007.)
- Since the end of 2008, however, Australia's national greenhouse inventory shows that the financial crisis has caused a 2.4% drop in national Kyoto accounted emissions from Annex A sectors. However, without strong policies in place, this is likely to be a short-term trend as the Australian economy is already showing signs of strong recovery from the financial crisis.
- Acceleration towards a prosperous low-pollution economy must begin with a peak in greenhouse gas emissions. We have an opportunity to ensure emissions peak by 2012 by capitalising on the serendipitous drop in emissions since 2008.

Opportunity for action

- Improving energy efficiency is a cost effective option to help ensure Australia's emissions peak and continue the downward trajectory. Energy efficiency requires a multi-pronged approach from government, including regulation, incentives and education.
- In the short to medium term, the biggest savings can be delivered through a national retailer obligation scheme. This scheme will build on existing schemes in NSW, Victoria and South Australia to mandate that all Australian energy retailers achieve a prescribed level of energy savings each year, across the residential, commercial and industrial sectors. Direct government investment in household energy efficiency could also help stabilise and reduce energy demand.
- As a demonstration of Australia's willingness to step into the new clean energy future, the Government should assist Victoria to replace Australia's dirtiest coal-fired power station, Hazelwood, with clean energy and indicate intentions to plan for transitions for other major coal power facilities over the medium-long term.
- In addition, the Government should begin exploring opportunities for rapid abatement in other sectors, to continue the decline in emissions while structural policy-shifts are coming into effect. Mandatory vehicle fuel efficiency standards (similar to the European Union's) could begin the process of cleaning up our vehicle fleet.

3. Committing to no new coal power

Current situation

- Australia's greenhouse inventory shows that the largest increase in emissions (of 52.1% or 101.5 Mt CO₂-e) between 1990 and 2008, occurred in the Stationary Energy sector, which is why the immediate priority for interim climate policy must target that sector.
- There are up to eleven proposals around the country for new coal-fired power stations or for significant expansions of existing coal fired power stations.
- The power generators we build in the next five years will likely be the ones that are supplying Australia's electricity in 2020 so decisions in the next twelve months about current proposals for coal power will determine Australia's ability to meet its 2020 emissions reduction target.

Opportunities for action

- There is no justification for building or expanding coal power in Australia. The Government needs to unequivocally and urgently adopt a policy ruling out new conventional coal power¹.
- One possibility would be introducing an emissions performance standard of 400gCO₂e/KWh in 2010 that reduces to between 150-200 gCO₂e/KWh in 2020 and would apply to all power stations built from 2010 onwards.

¹ There is unanimous support among CANA's membership against construction or expansion of conventional coal-fired power stations. Some member groups support commercial-scale CCS plants, though this does not extend to supporting the construction of "CCS ready" operators or tokenistic "demonstration" plants attached to new coal fired power stations.