Australian Government

cleanenergyfuture

Australia's Carbon Pricing Mechanism – Why Emissions Trading?

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Why emissions trading?

Why emissions trading?

- Australia is a small, open economy with a strong history of market-based economic reform
  - Market -based approach preferred over regulatory responses
- High per capita emissions mean least-cost abatement is key in Australia
- Allows international linking which lowers costs
- Cap gives certainty that a national target will be met
- Provides business certainty through clear, long term policy settings
  - More scope for private sector risk management strategies

A brief history

- More than 10 years ago - First discussion papers on emissions trading published by the Australian Government
- 2003 – State-based Greenhouse Gas Reduction Scheme commences
- 2006 – State governments' report supports a national approach to emissions trading
- 2007 - Australian Government commits to national emissions trading
- 2009 – Australian Parliament fails to pass Carbon Pollution Reduction Scheme
- 2011 – Australian Parliament legislates Clean Energy Act

The path from 2007 to legislation in 2011

- Report of the Task Group on Emissions Trading recommends cap and trade scheme be adopted as Government policy
- 2008 - Garnaut Review, Green Paper and White Paper on the Carbon Pollution Reduction Scheme (CPRS)
- 2009 – CPRS Legislation rejected by Parliament twice
- 2010 – Multi-Party Climate Change Committee of Parliamentarians formed
- 2011 – Minority Government passes Clean Energy Act

Questions?

Further information about climate change and renewable energy is available online at:

- www.climatechange.gov.au
- www.cleanenergyfuture.gov.au
- www.livinggreener.gov.au.

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