

# **RESPONSE TO THE PREMIER'S CLIMATE CHANGE ACTION STATEMENT**

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## **Overall comment**

The State Government's Climate Change Action Statement, released on 6 April 2007, has some positive features but falls well short of being an adequate response to the climate change challenge.

On the positive side, it sets targets for substantial reductions in greenhouse gas emissions, confirms Western Australia's support for a national emissions trading scheme and commits to some new initiatives such as a strengthening of energy efficiency standards for new residential buildings.

On the negative side:

- The new initiatives that are announced are unlikely to lead to substantial reductions in greenhouse gas emissions;
- The Statement does not quantify the greenhouse gas reductions that are expected from these initiatives;
- The Statement fails to implement most of the recommendations of the Government's Greenhouse and Energy Taskforce, including the Taskforce's important recommendation for a mandatory renewable energy target of 15 to 20 per cent by 2020;
- No initiatives are proposed for transport, agriculture, land clearing/revegetation or fugitive emissions; and
- Insufficient funding has been allocated to implement the Statement.

The lack of public consultation is also a concern. Given the importance of climate change and the public interest in this issue it is unfortunate that there was no opportunity for public comment on a draft statement. If there had been such an opportunity, it is likely that the final result would have been a more substantial document.

## **Greenhouse target**

The Statement sets a goal of reducing Western Australia's greenhouse gas emissions by 60 per cent of 2000 emissions by 2050. This would require that by 2050:

- aggregate emissions are reduced from current levels of 71 million tonnes per annum to 26 million tonnes per annum; and
- annual per capita greenhouse gas emissions drop from the current 34 tonnes per person to 7-10 tonnes per person by 2050.<sup>1</sup>

Three criticisms can be made of the target.

- First, the target is insufficient if Western Australia is to equitably contribute to the global task of constraining global emissions to acceptable levels. If everyone on the planet in 2050 was responsible for annual emissions of 7-10 tonnes, global emissions would not reduce at all – indeed, they would be well above current levels.<sup>2</sup>
- Second, it would be more appropriate to have a target that uses 1990 levels as a benchmark. This is the internationally accepted benchmark year, used for the purposes of the Kyoto Protocol.
- Third, a shorter-term target or targets, in addition to a 2050 target, would promote urgent action to address climate change.

Having said this, it is important that a debate over targets does not delay action to address climate change. There is a great deal of common ground. The Greens and the Government agree that we need to reverse the current growth in greenhouse emissions and make substantial cuts in emissions over coming decades. The 60 per cent reduction target is a welcome acknowledgement of this fact.

It should be noted that the Australian Greens have proposed targets for Australia of reducing emissions 30 per cent below 1990 levels by 2020 and 80 per cent below 1990 levels by 2050. If targets of this nature were set at a national level, then state and territory sub-targets would not be necessary.

## **Renewable and clean energy targets**

The Statement sets a renewable energy target for the South West Interconnected System (SWIS). The target is 15 per cent by 2020 and 20 per cent by 2025.

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<sup>1</sup> The 7-10 tonnes per person figure has calculated by dividing the aggregate emissions for 2050 by the range of ABS population projections for Western Australia (ABS 3222.0). The 34 tonnes per person figure is derived from the Government's estimate of 71mtpa for 2007 divided by the latest ABS estimate of WA population (ABS1367.5, March 2007).

<sup>2</sup> With a global population of 9 billion in 2050, 10 tonnes of emissions per person would result in 90CO<sub>2</sub>-e, well in excess of 2004 global emissions of 49CO<sub>2</sub>-e.

The Statement also sets a 'Cleaner Energy Target' for the SWIS – 'cleaner energy' apparently referring to energy with a greenhouse signature as good as, or better than, combined cycle gas generation – of 50 per cent by 2010 and 60 per cent by 2020. The Statement says that the current level of 'cleaner energy' on the SWIS is 43 per cent.

There is no serious attempt to explain how the aspirational renewable energy or cleaner energy targets are to be reached. One option that is immediately available to the Government is to support, with minor amendments, the Greens Private Member's Bill to establish a mandatory renewable energy target for the SWIS. The *Electricity Industry (Renewable Energy Targets) Amendment Bill 2005*, which is currently before the Lower House of State Parliament, would oblige electricity retailers to purchase a portion of their electricity from renewable sources in line with legislated renewable energy targets. Government support for this Bill would:

- ensure that its renewable energy target is met;
- substantially reduce the greenhouse intensity of the Western Australian electricity sector; and
- help to bring down the price of renewable energy through industry development and economies of scale.

It is interesting to note that in the Budget Papers, the Office of Energy says that one of its major initiatives for 2007-08 will be to "*commence implementation of a renewable energy target for 2020, including developing legislation to establish the scheme*".<sup>3</sup> This suggests that a mandatory target was understood by the Office of Energy to be proceeding at the time the Budget Papers were put together, but that a last-minute political decision removed that measure from the Statement. The result is that we still have a target, but no longer have a plan to achieve it.

### **Emissions trading**

The Statement supports the establishment of a national emissions trading scheme, to be established by the States and Territories by 2010 if the Commonwealth Government fails to take the lead in establishing such a scheme. This is a welcome commitment, especially given the State Government's previously expressed position on emissions trading.<sup>4</sup> However, the real test of the State Government's commitment to addressing climate change will be the position it takes on the design of an emissions trading scheme and in particular on what 'cap' is to be applied on greenhouse gas emissions. The indicative caps put forward by the States and Territories for the electricity sector in the discussion document *Possible Design for a National Greenhouse Gas Emissions Trading Scheme* are

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<sup>3</sup> Budget Papers, Part 2, Volume 3, p 991.

<sup>4</sup> See Premier's Media Release, 16 August 2006.

clearly inadequate. By 2030, they would lead to little or no reduction in emissions compared to 2000 emission levels.<sup>5</sup>

### **Other initiatives relating to the stationary energy sector**

Stationary energy is Western Australia's largest, and fastest growing, source of greenhouse gas emissions. In 2005 it was responsible for 55 per cent of the State's emissions and between 1990 and 2005 emissions from this sector more than doubled.<sup>6</sup>

On 30 May 2005, then Environment Minister Judy Edwards announced that a Greenhouse and Energy Taskforce had been established to provide advice to the Government on practical and economically feasible ways to manage greenhouse gas emissions from the stationary energy sector. After 15 months of deliberation, the Taskforce delivered its report. While the Taskforce report was a conservative one, it did make a number of important recommendations.

Some recommendations of the Taskforce have been adopted, including:

- endorsement of the need for a national emissions trading scheme;
- establishing a low emissions technology development fund;
- establishing a mandatory energy efficiency program for medium to large energy users;
- purchasing a greater proportion of Green Power for the Government's electricity use; and
- extending the Solar Schools program.

Unfortunately, as the analysis at **Attachment A** shows, the Statement failed to respond to many of the recommendations in the Taskforce's report. Some of the more important recommendations that have not been addressed are to:

- set a mandatory renewable energy target for the SWIS of 15 to 20 per cent by 2020;
- call for expressions of interest to establish a pilot geothermal (hot dry rock) energy project in Western Australia;
- require all high CO<sub>2</sub> content natural gas fields to use capture and storage technology for fugitive emissions;

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<sup>5</sup> National Emissions Trading Taskforce, *Possible Design for a National Greenhouse Gas Emissions Trading Scheme* (August 2006), p47.

<sup>6</sup> Australian Greenhouse Office, *State and Territory Greenhouse Gas Emissions 2005* (2007), pp15-16.

- require significant new electricity generators to minimise emissions in line with contemporary emissions intensity benchmarks;<sup>7</sup>
- make a clear statement that, as a general principle, all new stationary energy developments will be liable for the full cost of future greenhouse gas emission compliance;
- require all major new fossil fuel plants to plan for future carbon capture retrofit as carbon capture and storage technology becomes available;
- mandate use of smart metering;
- allow network service providers to recover foregone revenue from demand side investments; and
- establish a program to progressively install cogeneration in government-owned hospitals and other appropriate institutions wherever possible.

In addition, a number of the measures that were announced in response to the Taskforce's recommendations either did not go far enough or were lacking in details. For example:

- The '5 star plus' home energy rating system does not take into account the size of houses. In Victoria, a recent study found that new dwellings built under '5 star' rules used 6 per cent *more* energy than average dwellings because their larger size.<sup>8</sup> To be effective, a green building code must take the size of houses into account. This could be done, for example, by setting a maximum 'greenhouse budget' for a dwelling so that the larger the dwelling is, the more efficient it has to be in its energy use.<sup>9</sup>
- The '5 star plus' system requires the use of efficient heating systems (solar, 5 star gas or heat pump), but only applies to the small percentage of new homes that are constructed each year. A more effective and equitable approach would be to require every household replacing a heating system, whether in a new or existing building, to use one of the mandated models. This requirement should apply to commercial, as well as residential, buildings.
- The Taskforce recommended an Energy Savings Fund, based on the New South Wales model of a small surcharge on energy consumption, to

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<sup>7</sup> From the discussion preceding this recommendation, it appears that this is intended to rule out the selection of conventional coal-fired power plants in the interim period before a national emissions trading scheme is implemented: Greenhouse and Energy Taskforce: *A Cleaner Energy Future: Strategies to Reduce Greenhouse Gas Emissions from the Western Australian Stationary Energy Sector* (December 2006), pp46-7.

<sup>8</sup> George Wilkenfeld and Associates, *Options to Reduce Greenhouse Emissions from New Homes in Victoria Through the Building Approval Process* (April 2007), p5.

<sup>9</sup> *Ibid*, p9.

identify and invest in energy savings, home energy retrofitting, awareness raising, incentives, rebates and energy auditing for small and medium enterprises. The Government has committed to a much more limited program restricted to household audits and funded with a small allocation from consolidated revenue. The funding allocated to the Western Australian program is \$1.5m over 2 years, compared to \$200m over 5 years under the New South Wales program.

- It is unclear how much of the Low Emissions Energy Development Fund will be directed towards ‘clean coal’ research. It would be unfortunate if, like the Commonwealth Government’s Low Emissions Technology Demonstration Fund, it were directed mainly to ‘clean coal’ projects.<sup>10</sup> There is a strong case for the development of ‘clean coal’ technology to be funded by the coal industry, given that this industry is large and well established. The renewable energy industry, which has less resources and has to compete with low-cost coal-fired generators, is more deserving of support.
- It is unclear what ‘payback period’ will be adopted for the mandatory energy efficiency program. It appears that the Taskforce favoured a scheme under which any energy efficiency investment that would pay for itself within six years should be mandatory, but the Government has not indicated whether it endorses this approach.<sup>11</sup>

### **Initiatives in other sectors**

While stationary energy is responsible for more than half of Western Australia’s greenhouse gas emissions, other sectors such as agriculture and transport are also significant emitters. Apart from one good initiative to require landfill sites to capture and use or destroy methane gas emissions, no specific initiatives were announced for these sectors of the economy. A ‘broad brush’ general commitment was given to ‘develop emission reduction strategies with key sectors of the Western Australian economy, including transport, housing, minerals, agriculture, manufacturing and service enterprises.’

### **Budget allocation**

While government policy on climate change cannot be measured simply by expenditure, budget allocations for greenhouse initiatives provide one measure of how serious a government is about tackling climate change. New funding allocated by the State Government to addressing greenhouse issues in the 2007/8 Budget is outlined at **Attachment 2**. Additional funding for climate change initiatives in 2007/08 is \$8 million. This represents just 1.1 per cent of total new funding on an issue that the Premier describes in the Statement as the greatest

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<sup>10</sup> This is \$500 million program of which to date 67% has been allocated to 6 projects related to carbon capture and storage and 15% has been allocated to a single solar energy project.

<sup>11</sup> Greenhouse and Energy Taskforce: *A Cleaner Energy Future: Strategies to Reduce Greenhouse Gas Emissions from the Western Australian Stationary Energy Sector* (December 2006), p38.

threat to Western Australia's environment and economy. This additional expenditure of \$8 million compares, for example, to \$258 million in new funding for roads in 2007/08.<sup>12</sup> The level of funding allocated to climate change initiatives indicates that the State Government has not given this issue a high priority relative to other issues.

## **Conclusion**

On the whole, the Climate Change Action Statement is an inadequate document. While it contains some good targets, it does not do enough to put in place measures that will achieve those targets, either through regulatory initiatives or expenditure on new programs.

Having said this, it is hoped that the Government will acknowledge that the Statement is far from the last word on Western Australia's climate change policy. The Greens look forward to seeing more practical, properly funded climate change initiatives and working with the Government to pass strong legislative initiatives to respond to the challenge of climate change. The Greens look forward to action being taken by the Government in a range of areas, including the following:

- Advocacy for a strong national greenhouse gas emissions trading scheme that will achieve substantial cuts in emissions over coming decades;
- Legislative backing for mandatory renewable energy targets;
- Legislative backing for a strong energy efficiency program applying to medium and large energy users;
- Implementation of the outstanding recommendations of the Government's Greenhouse and Energy Taskforce;
- Strengthening and extension of 'green building' requirements; and
- Effective policy initiatives in sectors not addressed in the Statement, including transport, minerals and agriculture.

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<sup>12</sup> WA Government, *2007-08 Budget: Decisions for Our Future*, p15. Total road spending in 2007-08 is \$1.2 billion.

## IMPLEMENTATION OF GREENHOUSE AND ENERGY TASKFORCE RECOMMENDATIONS

GREENHOUSE AND ENERGY TASKFORCE REPORT	CLIMATE CHANGE ACTION STATEMENT
<p><b>Recommendation 1</b></p> <p>The Taskforce recommends that the WA Government set policy goals for action to reduce greenhouse gas emissions as follows:</p> <ul style="list-style-type: none"> <li>i. To maximise the chances of success of international efforts to prevent dangerous and costly climate change;</li> <li>ii. To reduce emissions in ways that avoid severe or seriously inequitable economic impacts on WA industry or the community and avoid stranded assets;</li> <li>iii. To limit the expense to WA taxpayers to that which is reasonable, cost effective and equitable in the context of global initiatives; and</li> <li>iv. To review progress regularly and incorporate additional measures as they become appropriate in the national and global context.</li> </ul>	<p><b>Not addressed</b></p> <p>These policy objectives are not explicitly adopted in the Climate Change Action Statement.</p>
<p><b>Recommendation 2</b></p> <p>The Taskforce recommends that the WA Government strengthen government capacity and expertise in greenhouse policy development commensurate with the increasing priority of the issue.</p>	<p><b>Partly addressed</b></p> <p>The budget papers indicate that the Office of Climate Change has been allocated \$700,000 per annum for its activities, up \$200,000 from funding allocated to 'greenhouse coordination' in 2006/07. In addition, \$300,000 per annum has been allocated to a National Emissions Trading Team.</p>

### Recommendation 3

The Taskforce recommends that, to harness cost-effective efficiency opportunities and reduce energy waste, the WA Government:

- i. Improve pricing signals in energy markets through carbon pricing, use of smart metering, tests for network augmentation, and allowing network service providers to recover foregone revenue from demand side investments;
- ii. Support and extend energy rating and labelling;
- iii. Seek to implement world class minimum energy performance standards for appliances, homes, office buildings and industrial equipment, extend their coverage, factor in a carbon price and regularly review standards to keep pace with technology development;
- iv. Establish a mandatory energy efficiency program for large to medium energy users, initially to ensure that efficiency opportunities that offer no regrets greenhouse savings to the community as a whole are implemented; and
- v. Establish an Energy Savings Fund, based on the NSW model of a small surcharge on energy consumption, to identify and invest in energy savings, home energy retrofitting, awareness raising, incentives, rebates and energy auditing for small and medium enterprises.

### Partly addressed

Relevant commitments:

- commitment to develop a mandatory energy efficiency program for large and medium energy users;
- improved building standards for the residential sector;
- commitment to a carbon price through a national emissions trading scheme;
- \$1.5m over two years for a household audit and education program.

Matters not addressed:

- use of smart metering, tests for network augmentation, and allowing network service providers to recover foregone revenue from demand side investments;
- support and extend energy rating and labeling;
- world class minimum energy performance standards for appliances, homes, office buildings and industrial equipment;
- Energy Savings Fund, based on the NSW model of a small surcharge on energy consumption, to identify and invest in energy savings, home energy retrofitting, awareness raising, incentives, rebates and energy auditing for small and medium enterprises.<sup>13</sup>

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<sup>13</sup> Given the scope of the recommendation, it cannot be said to have been addressed by the \$1.5m household audit and education program.

<p><b>Recommendation 4</b></p> <p>The Taskforce recommends that in order to discourage new investment in high emission technologies, the WA Government undertake the following steps:</p> <ul style="list-style-type: none"> <li>i. Make a clear statement of policy intent that WA will need to move towards a less carbon intensive economy;</li> <li>ii. Require significant new generators to minimise emissions in line with contemporary emission intensity benchmarks, taking steps to limit any adverse impact of resulting electricity price rises;</li> <li>iii. Require all high CO2 content natural gas fields to use capture and storage technology for fugitive emissions; and</li> <li>iv. Facilitate an adequate and economic gas supply through a domestic gas reservation policy and the development of adequate pipeline capacity.</li> </ul>	<p><b>Partly addressed</b></p> <p>Although there is no explicit statement that WA will need to move towards a less carbon intensive economy, this is implicit in the greenhouse gas reduction target (see recommendation 11). As noted in the Premier’s foreword to the Statement, previous commitments have been made concerning a domestic gas reservation policy.</p>
<p><b>Recommendation 5</b></p> <p>The Taskforce recommends that, in order to prepare WA for future carbon pricing, the WA Government:</p> <ul style="list-style-type: none"> <li>i. Make a clear statement that, as a general principle, all new stationary energy developments will be liable for the full cost of future greenhouse gas emission compliance; and</li> <li>ii. Foreshadow a future carbon price, develop a carbon risk analysis framework and consider imposing a requirement for project proponents to undertake a carbon price sensitivity analysis.</li> </ul>	<p><b>Not addressed</b></p>

**Recommendation 6**

The Taskforce recommends that, in order to facilitate longer term technology development, the WA Government:

- i. Establish a dedicated and technically competent Greenhouse Technologies Development Unit to plan, coordinate and implement an Energy Technology Innovation Strategy;
- ii. Assign the Greenhouse Technologies Development Unit, as a first task, to scope and plan the science infrastructure needs, including human resources, relevant to the development of world class research activity in emission reduction technologies in partnership with industry and academe;
- iii. Establish a low emission technology development fund, to leverage significant Commonwealth and other public and private research and development expenditure to position WA industry to prosper in this field of economic opportunity, and to support research and development identified as high priority for WA.
- iv. Provide incentives to attract cutting edge projects and develop skills, critical mass and intellectual property in emerging low emission technologies which have particular relevance to the State's needs and competitive advantage;
- v. Work with industry to undertake a detailed feasibility study for carbon capture networks in industrial regions;
- vi. Undertake a detailed identification and assessment of potential sites for geo-sequestration of CO<sub>2</sub>, geothermal, wind, wave and tidal energy development and review any barriers to deployment of these technologies;
- vii. Establish policy measures to secure strategic geosequestration sites; and

**Partly addressed**

Relevant commitments:

- The creation of a Low Emissions Energy Fund (\$36.5m over five years comprising \$200,000 is allocated for 2007-8, \$8.65m for 2008-09, \$8.65m for 2009-10 and \$9.5 m for 2010-11);
- Seek to establish a program with the Commonwealth, clean coal project proponents, LNG project proponents and other relevant industries to perform a detailed identification and assessment of potential carbon dioxide geosequestration sites in Western Australia (no funding allocation)

Matters not addressed:

- Establish a dedicated and technically competent Greenhouse Technologies Development Unit to plan, coordinate and implement an Energy Technology Innovation Strategy;
- Assign the Greenhouse Technologies Development Unit, as a first task, to scope and plan the science infrastructure needs, including human resources, relevant to the development of world class research activity in emission reduction technologies in partnership with industry and academe;
- Provide incentives to attract cutting edge projects and develop skills, critical mass and intellectual property in emerging low emission technologies which have particular relevance to the State's needs and competitive;
- Work with industry to undertake a detailed feasibility

<p>viii. Encourage proponents of new energy intensive projects to provide financial contributions to the low emission technology fund.</p>	<p>study for carbon capture networks in industrial regions</p> <ul style="list-style-type: none"> <li>- Undertake a detailed identification and assessment of potential sites for geosequestration of CO<sub>2</sub>, geothermal, wind, wave and tidal energy development and review any barriers to deployment of these technologies;</li> <li>- Establish policy measures to secure strategic geosequestration sites;</li> <li>- Encourage proponents of new energy intensive projects to provide financial contributions to the low emission technology fund.</li> </ul>
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**Recommendation 7**

The Taskforce recommends that the WA Government take significant additional steps to promote the development and expansion of renewable and very low emission energy, including:

- i. Setting a mandatory renewable energy target for the South West Interconnected System (SWIS) through to 2020 of the order of 15 to 20%, recognising the desirability of keeping costs consistent with the carbon price trajectory set out in Recommendation 11;
- ii. Measures to provide further support for renewable and very low emission energy technologies, including geothermal, solar and wave technologies, which have significant potential for WA in the future, but that are not yet sufficiently developed to compete with established technologies (such as wind). Consideration should be given to:
  - sub targets for particular technologies set within the overall target;
  - premium tariffs or subsidies per unit of energy supplied; and
  - capital grants or concessional finance;
- iii. Implementing a project facilitation service to assist projects to access finance, locate suitable sites and deal with planning, approval and grid connection processes and barriers; and
- iv. Calling for expressions of interest to establish a pilot geothermal (hot dry rock) energy project in WA.

**Not addressed**

The Statement commits the Government to a **non-mandatory** renewable energy target for the SWIS of 15 per cent by 2020 and 20 per cent by 2025.

There is no indication that consideration has been given to the further measures identified by the Taskforce, such as premium tariffs or subsidies per unit of energy supplied, that could support renewable and very low emission energy technologies.

There is no commitment to call for an expression of interest to establish a pilot geothermal energy project in WA.

<p><b>Recommendation 8</b></p> <p>To strategically prepare for a carbon constrained world, the Taskforce recommends that the WA Government:</p> <ul style="list-style-type: none"> <li>i. Fast-track work to identify suitable geo-sequestration sites in WA;</li> <li>ii. Facilitate a pilot geo-sequestration project in the Perth Basin; and</li> <li>iii. Require all major new fossil fuel plants to plan for future carbon capture retrofit as carbon capture and storage (CCS) technology</li> </ul>	<p><b>Not addressed</b></p>
<p><b>Recommendation 9</b></p> <p>The Taskforce recommends that the WA Government lead by example by:</p> <ul style="list-style-type: none"> <li>i. Buying or leasing, and operating, minimum 5-star buildings or tenancies (subject to availability), buying the most efficient appliances in range, and ensuring all computer and office equipment is Energy Star compliant and enabled;</li> <li>ii. Purchasing a greater proportion of Green Power for government electricity use, establishing new energy efficiency targets for government agencies and extending its Carbon Neutral and Solar Schools programs;</li> <li>iii. Establishing a program to progressively install cogeneration in government-owned hospitals and other appropriate institutions wherever possible; and</li> <li>iv. Continue working closely with and assisting local government in their greenhouse gas abatement initiatives and</li> </ul>	<p><b>Partly addressed</b></p> <p>Relevant commitments:</p> <ul style="list-style-type: none"> <li>- Purchase by the general government sector of 20 per cent of its electricity from renewable energy sources by 2010;</li> <li>- Investment of an additional \$4.1m (over 4 years) in the Solar Schools program.</li> </ul> <p>Not addressed:</p> <ul style="list-style-type: none"> <li>- Buying or leasing, and operating, minimum 5-star buildings or tenancies (subject to availability), buying the most efficient appliances in range, and ensuring all computer and office equipment is Energy Star compliant and enabled;</li> <li>- Establishing a program to progressively install cogeneration in government-owned hospitals and other</li> </ul>

programs.

- appropriate institutions wherever possible;  
- Continue working closely with and assisting local government in their greenhouse gas abatement initiatives and programs

<p><b>Recommendation 10</b></p> <p>The Taskforce recommends that the WA Government adopt an indicative target to reduce greenhouse gas emissions to a level of 50% below 1990 levels by 2050.</p>	<p><b>Addressed</b></p> <p>The Government has adopted a target of reducing greenhouse gas emissions to 60% below 2000 levels by 2050. This is a marginally more substantial reduction than the Taskforce recommendation. The Taskforce recommendation would require greenhouse gas emissions to be 28 mtpa CO<sub>2</sub>-e by 2050, whereas the Government commitment requires 26mtpa.<sup>14</sup></p>
<p><b>Recommendation 11</b></p> <p>The Taskforce recommends that, to provide direction for policy development and private investment in the short-term, the WA Government:</p> <ul style="list-style-type: none"> <li>i. Develop an estimate of the future risk weighted carbon price trajectory;</li> <li>ii. Base policy for achieving substantial emissions abatement by 2020 on this estimated carbon price trajectory;</li> <li>iii. Determine indicative emission reduction profiles based on the carbon price trajectory; and</li> <li>iv. Establish legislative triggers for progressive policy intervention every three to four years to strengthen policies if current measures fail to deliver the desired emission reductions toward the 2020 and 2050 objectives.</li> </ul>	<p><b>Partly addressed</b></p> <p>Relevant commitments:</p> <ul style="list-style-type: none"> <li>- By 2008, the State Government will apply a theoretical value to the cost of carbon and factor it into State Government decision-making.</li> </ul> <p>Not addressed:</p> <ul style="list-style-type: none"> <li>- Develop an estimate of the future risk weighted carbon price trajectory;</li> <li>- Base policy for achieving substantial emissions abatement by 2020 on this estimated carbon price trajectory;</li> <li>- Determine indicative emission reduction profiles based on the carbon price trajectory;</li> <li>- Establish legislative triggers for progressive policy intervention every three to four years to strengthen policies if current measures fail to deliver the desired</li> </ul>

<sup>14</sup> Based on figures for total CO<sub>2</sub> emissions, including net CO<sub>2</sub> from land use change and forestry, from Australian Greenhouse Office, *State and Territory Greenhouse Gas Emissions* (2005), pp26-27 (1990: 56.7mtpa, 2000: 69.354mtpa).

	<p>emission reductions toward the 2020 and 2050 objectives.</p>
<p><b>Recommendation 12</b></p> <p>The Taskforce recommends that, in order to prepare WA for future carbon pricing, the WA Government:</p> <ol style="list-style-type: none"> <li>i. Endorse national emissions trading as a preferred domestic transition to a carbon constrained world;</li> <li>ii. Continue to work with the National Emissions Trading Taskforce towards a national scheme involving the Commonwealth and the States and Territories;</li> <li>iii. Support implementation of the National Emissions Trading Scheme based on: <ul style="list-style-type: none"> <li>• a phased approach to sectoral coverage commencing with the electricity generation sector;</li> <li>• assistance for adversely affected firms through the allocation of permits;</li> <li>• assistance for trade-exposed energy intensive industry to account for the impacts of the scheme on individual projects; and</li> <li>• inclusion of offsets.</li> </ul> </li> </ol>	<p><b>Partly addressed</b></p> <p>Relevant commitment:</p> <ul style="list-style-type: none"> <li>- The Western Australian Government will work with the other Australian states and territories to introduce a national emissions trading scheme by the end of 2010 if the Commonwealth Government fails to make a commitment.</li> </ul> <p>The detail of the principles to underpin the national emissions trading scheme were not set out in the Statement. A commitment has been made to establish a specialised unit within the Department of Treasury and Finance (rather than within the Office of Climate Change) to lead the effort to establish a national emissions trading scheme.</p>

**Recommendation 13**

The Taskforce recommends that, in establishing a WA offset regime, the

WA Government:

- i. Promote the establishment of a national registry to govern offset creation, registration and trade and provide a set of common offset rules for all national programs;
- ii. Seek compatibility with international rules for offsets.
- iii. Establish a WA registry:
  - to manage WA offsets as an interim measure before a national registry is in place; and
  - to manage WA offsets that meet international requirements but are not recognised nationally;
- iv. Establish a regulatory body to determine the parameters and establish procedures to ensure that offset standards are applied and that there is no double counting; and
- v. Assess the WA potential for offset supply and facilitate their supply through government programs.

**Not addressed**

**Recommendation 14**

The Taskforce recommends that the WA Government:

- i. Strengthen its capacity for greenhouse policy related economic analysis, including consideration of a specialist area and additional on-going resources;
- ii. Initiate additional economic analysis on the following initial priorities:
  - the existing extent of subsidies that encourage higher emissions and the opportunities to eliminate or reduce perverse subsidies;
  - analysis of the likely costs and benefits of key emerging technologies including, for example, CCS, geothermal and wave;
  - underpinning modelling and data for drawing the proposed carbon price trajectory; and
  - economic impacts on WA of market measures, particularly emission trading scheme design options.

**Partly addressed**

\$300,000 per annum has been allocated to establish a National Emissions Trading Team located within the Department of the Treasury and Finance. However, its duties do not appear to extend to some of the priorities identified by the Taskforce, such as identifying opportunities to eliminate or reduce perverse subsidies that encourage higher emissions.

## WA Budget 2007/08 – New Funding for Climate Change Initiatives

Initiative	2007-8 ('000)	2008-9 ('000)	2009-10 ('000)	2010-11 ('000)
<b>1. Household Sustainability Audit and Education Program</b>	750	750	-	-
<b>2. Low Emission Energy Development Fund</b>	200	8,650	8,650	9,500
<b>3. National Emissions Trading Team</b>	300	300	320	320
<b>4. Public Awareness and Education Campaign (Act Now for Tomorrow)</b>	650	600	100	100
<b>5. Reducing Impacts of Climate Change on Western Australia</b>	1,975	1,925	2,175	1,725
<b>6. Government Purchase of Green Power</b>	1,300	2,600	5,200	5,200
<b>7. Renewable Energy Target</b>	1,522	1,272	802	802
<b>8. Mandatory Energy Efficiency Program</b>	400	2,400	2,400	1,900
<b>9. Additional funding for Office of Climate Change<sup>15</sup></b>	200	200	200	200
<b>10. Additional funding to Solar Schools Program<sup>16</sup></b>	750	1,150	1,150	50
<b>TOTAL</b>	<b>8,047</b>	<b>19,847</b>	<b>20,997</b>	<b>19,797</b>

## Notes:

1. The Government has stated that it has committed \$101.2 million over 5 years to initiatives included in the Climate Change Action Statement.<sup>17</sup> This includes funding for 2011-12, which is not addressed in the Budget Papers because they only contain budgeted expenditure up to 2010-11.
2. It appears that funding for the Waterwise Rebate Scheme and the 'Beat the Peak' campaign are included in the \$101.2 million, the objective of these programs is not to address climate change. They have been excluded from the above list.
3. It is difficult to estimate total spending on greenhouse initiatives because there is no line item for these initiatives in the budget papers for the Minister for Climate Change.

<sup>15</sup> \$500,000pa was recorded in the last budget for 'coordination of climate change policy'. (Pt 2, Vol 2, p846). The \$700,000pa allocated to the Office for Climate Change represents a \$200,000pa increase on this amount.

<sup>16</sup> \$250,000 pa was allocated in the 2005-06 budget to the solar schools program (Pt 2, Vol 2, p746). The funding itemised above is the increase on this amount.

<sup>17</sup> Budget 2007-08 Fact Sheet – Leadership on Climate Change.