



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

GARNAUT REVIEW: SENSIBLE NEW IDEAS BUT QUESTIONS LINGER

Statement by the Acting Chief Executive, Brendan Pearson.

The Garnaut Review's draft report released today is an important contribution to the national debate about Australia's response to climate change.

It highlights the potential economic and environmental risks posed to Australia by climate change and argues that only genuinely global action, including binding reduction commitments from nations like China, will prevent dangerous climate change. The report underlines the critical role of low emissions technologies, especially carbon capture and storage.

The report raises some sensible new proposals including the establishment of an International Low Emissions Technology Fund, and the development of new global trade rules to ensure that climate change is not used as a pre-text for protectionism.

It is pleasing too that the Review appears to have quietly dropped its previous unrealistic suggestion that Australia should target emissions reductions of up to 90 per cent by 2050.

The minerals sector is disappointed however by a number of the Review's findings including:

- continued support for 'per capita' targets as the basis for future international climate change agreements. Such an approach would disadvantage Australia, and has no prospect of winning broader international support.
- the failure of the review to critically examine the interaction between the emissions trading scheme and the proposed Renewable Energy Target.

Emissions Trading Scheme

The Review's support for a fixed price cap in the early stages (2010-2012) of the proposed emissions trading scheme is also a significant step forward. This will help prevent excessive volatility and promote ease of adjustment to the trading arrangements. That said, the issue that will be most influential in determining the post 2012 carbon price - the scale of the interim 2020 target - is not addressed in this report.

The MCA is disappointed however that the Review continues to support full auctioning of emissions permits from 1 July 2010. In contrast, the European Union does not plan to move to full auctioning until close to 2020. The need to generate revenues from the ETS should be a secondary consideration of scheme design rather than the defining principle.

The importance of low emissions technologies

The MCA particularly welcomes the Review's strong backing for low emissions technologies, especially carbon capture and storage (CCS). This reflects the fact that if Australia halves its CO₂ emissions by 2030 - global emissions would fall by approximately 0.3 per cent. On the other hand, according to estimates by the European Union, CCS has the potential to contribute 14 per cent of the global emissions reductions required by 2030 to prevent dangerous climate change.

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