

When we negotiated the Kyoto Protocol in 1997, we knew what target Australia could accept, because we had beforehand determined the policies and measures, and cost, of achieving such a target. When subsequently implemented we did in fact meet our commitment.

Fast forward to the 2019 Climate Change Conference of the Parties being held in Madrid, there is considerable focus on whether Australia has policies and measures which will enable it to meet its Paris commitment. That commitment, made in 2016, is a reduction in emissions of between 26-28 percent, off 2005 levels, by 2030.

Australia of course does not need to only rely on currently existing programs; 2030 is still some time off. However, the Australian government has been saying that it is on target. Primary among the governments measures is the Emissions Reduction Fund, now rebadged as the Climate Solutions Fund.

The Emissions Reduction Fund has been direct investment by the taxpayer in buying abatement through a system of reverse auctions. It seems that 193 million tonnes of carbon abatement have been purchased at an average of \$12 a tonne, totalling \$2.3billion.

Prime Minister Morrison announced during the election that the scheme would be renamed the Climate Solutions Fund and that the government would top up the fund with a further \$2billion. This has now been done. The first auctions since the election were held in July. There were three successful bidders who will be paid \$840,000 for carbon abatement of 59,000 tonnes, an average of \$14.17 per tonne. All were rural regeneration projects.

There is nothing wrong with Australia contributing to its target through rural regeneration. In fact, if such investment contributes to win/win outcomes in terms of more productive properties, as well as carbon savings, it must rate high among abatement options. I remember that at the time of Kyoto, Australia's emissions profile differed from all other developed countries, in terms of the share of emissions flowing from land use change, principally land clearing. So in many ways we are on the path of reversing that trend, and reinvesting in resilient rural property, which requires carbon to remain within soils and vegetation.

Angus Taylor is both the Minister for Energy and the Minister for Emissions. So not only is he responsible for energy reliability and affordability, but he must also achieve such objectives whilst providing oversight to a reducing emissions profile sufficient to meet Australia's Paris commitment. Taylor has in the past criticised other existing measures, such as the Renewable Energy Target, legislation which I was proud to champion through the parliament. It meant he is more reliant than ever on the effectiveness of the Climate Solutions Fund.

The energy and emissions minister was obviously not as confident of his primary weapon as the Prime Minister. This is not surprising because in terms of the volume of carbon to be abated from the last auction round, the result was disappointing. So Taylor quietly established a so called expert panel to help him with his task, including rethinking the structure of the Climate Solutions Fund.

This was not however a panel publicly announced, with published terms of reference, a timetable and a budget. In fact, it seems it only came to light as a result of investigative journalists. Again, there is nothing wrong with that, the Minister can seek advice in any way he chooses, but it suggests that the Minister is uncomfortable about broadcasting that his programs might not achieve its objectives, particularly two months out from the Madrid Climate COP.

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It is in fact a good thing that the Minister is seeking advice if he has doubts as to his key instruments. But there was also not a public call for submissions, rather views were requested from selected individuals and organisations. And the supporting Discussion Paper was not publicly released. It's not even clear who wrote it, but it is illuminating.

The paper headed "Expert Panel Examining Opportunities For Further Abatement" acknowledges the failings of the existing design. It says, "to date the ERF has not delivered significant volumes of abatement in the energy efficiency, industrial, agriculture and transport sectors" and that "the intent of this consultation is to enhance the \$2billion Climate Solutions Fund so that it is best placed to contribute to achieving Australia's emissions reduction commitments". Particularly, "consideration (should) also be given to further ways to incentivise abatement that might complement the ERF".

The panel apparently comprises Grant King, former CEO of Origin Energy as chair, Clean Energy Regulator chair David Parker, Emissions Assurance Committee chair Andrew Macintosh and Australian Industry Network chief executive Susie Smith. There has been criticism that the panel is too steeped in the hydrocarbon industry. This seems a little unfair. Origin Energy, for example, has also been a major investor in so called clean energy.

The panel apparently received about 40 submissions and will report to the Minister before Christmas. No doubt its report will remain under wraps.

This is a very carefully managed process. A quick review, low key and behind closed doors. Its primarily about extracting more value (tonnes) from the Climate Solutions Fund, particularly now that the low hanging fruit has been picked. What the government is really wanting is greater take-up of new technologies across Australian industry. Its wanting its direct funding, including from the Clean Energy finance Corporation and the Australian Renewable Energy Agency, to operate more effectively as a catalyst spurring greater private sector investment. The panel will no doubt give it some useful ideas which will lead to incremental improvement.

It was said that this relook at the structure of the Climate Solutions Fund would be the subject of the recent Energy Ministers Council meeting held in Adelaide. If it was, is not evident from the communique of that meeting, which makes no reference to the panel or its mission. This is probably because its not a process designed to lead to substantial new polices and measures. The meeting did however endorse a new national hydrogen strategy. That is a significant initiative, but not one likely to lead to significant carbon savings by 2030.

The relevance of the Madrid meeting? Under the Paris process developed countries voluntarily accepted carbon reduction targets. But they agreed to be subject to mandated processes of reporting and accountability. This was to provide a level of transparency which would give each confidence that others were genuinely living up to their commitments. Thus its legitimate for others to question whether Australia is implementing policies and measure which place us on a realistic trajectory towards our carbon reduction commitment. Many suspect that this will require more than fine tuning.

## **Hon Robert Hill AC**



Robert Hill was Australia's Environment Minister from 1996-2002. He led the Australian delegation at the Kyoto climate change conference and introduced the Australia's Renewable Energy Target. He is currently Adjunct Professor in Sustainability at the US Studies Centre at the University of Sydney and Chairman of the Cooperative Research Centre for Low Carbon Living at the University of New South Wales.