

COUNCIL OF AUSTRALIAN GOVERNMENTS' PLAN FOR COLLABORATIVE ACTION ON CLIMATE CHANGE

Australia's governments have been working on responding to the greenhouse gas challenge since the 1992 National Greenhouse Response Strategy was endorsed.

This initial strategy focussed on meeting Australia's international obligations under the United Nations Framework Convention on Climate Change (UNFCCC). Government action was broadened in 1998 through a new National Greenhouse Strategy which responded to further evidence of the increase in greenhouse gases and the development of better understanding of its impact.

Eight years later, evidence of the need for urgent action on climate change is even stronger.

Significant advances have been made over the last eight years in knowledge about climate change, its impacts and responses. Climate change is increasingly recognised as a pressing risk management challenge for governments, businesses and communities across the world.

The case for significant reductions in global greenhouse gas emissions to reduce the risk of dangerous climate change is clear. Early action by all nations is needed to make the task of stabilising and then reducing the level of greenhouse gas emissions in the atmosphere easier and less costly to achieve. For the sake of our future economy, as well as our future environment, Australia needs to significantly accelerate our conversion to the low emissions practices and technologies of the future. Australian Governments have already begun implementing programmes to accelerate technology development and COAG therefore acknowledges that there is a solid base from which to expand.

We also need to recognise that, no matter what actions are taken to reduce global emissions, our climate is changing and will continue to change. In many instances, early action to prepare for this change will minimise costs to our community.

Other countries, including our trading partners and competitors, are responding to the issue of climate change in a way that will create both risks and opportunities for Australian businesses.

Opportunities for Australia will emerge from the growing global demand for new technologies and practices to reduce emissions and from responding to climate change impacts. If we build on our significant intellectual resources, Australia stands to benefit from the changes that will be needed to address climate change.

Against this background, it is timely to re-assess the Australian agenda with a view to extending agreement on policy principles, planning a faster, more ambitious transition to sustainable low emissions and lifestyles and setting an agenda for action.

All jurisdictions remain committed to the over-riding goal of the UNFCCC, to prevent "dangerous" human interference with the climate system. Australia is on track to meet its Kyoto emissions targets to 2012. It will be necessary to achieve significant reductions in emissions beyond that as part of the international effort to avoid dangerous climate change. Early action will be of great value in extending the time for reacting to the threat.

Accordingly, COAG has set for itself the task of accelerating progress on actions to reduce emissions and to adapt to climate change that will occur through collaboration between jurisdictions in areas where there is common agreement.

Principles for Policy Development

The National Greenhouse Strategy set out principles to which COAG committed in 1998. These principles are as valid now as they were then. However, they now need to be refined and augmented in the light of new scientific evidence, developments in technology and the progress made already in energy efficiency and adaptation. The new principles will provide the foundation for comprehensive policy responses which so far as possible promote business certainty, consistency and cost-effectiveness.

COAG has agreed that:

- all jurisdictions are committed to working collaboratively as well as individually to reduce Australia's emissions of greenhouse gases, adapt to unavoidable climate change and meet our international commitments, making Australia a leader in the global effort to stabilise greenhouse gas levels in the atmosphere;
- responses will enable economic development to proceed in a sustainable way, recognising that implementation of climate change policies should be consistent with equity, cost effectiveness, and multiple benefits;
- responses to climate change will promote business certainty within the limits created by the uncertainties of climate change;
- action on climate change requires a comprehensive policy framework which includes action to promote changed patterns of investment, technology innovation and take up, adaptation, demand management and improved energy efficiency. Within that framework, jurisdictions will pursue policies which respond to their individual needs and which are within their constitutional responsibilities;
- all jurisdictions will work collaboratively as well as individually to promote the development and take up of renewable and other low-emission technologies;
- action will respond to and foster relevant scientific, technological and socio-economic research;
- all governments recognise the importance of adaptation and agree to work together on Australia's ability to develop and implement sound adaptation strategies; and
- jurisdictions will continue to communicate with each other, with industry and the broader community to foster a common understanding of greenhouse issues and the importance of addressing the impacts of climate change and to promote consistent and informed policy.

An Agenda for National Action

COAG recognises that a national response to climate change must meet the challenges of:

- reducing greenhouse emissions; and
- responding to the environmental, social and economic impacts that may result from climate change.

All jurisdictions acknowledge they have a significant role to play in the global effort to develop measures that will achieve a reduction in greenhouse gas emissions. A survey of current activities indicates that there is a proliferation of significant programs and projects being pursued across all jurisdictions.

Reducing Greenhouse Gas Emissions

In Australia, the sectors that can derive particular benefit from further planning and action to reduce emissions are stationary energy, transport, buildings and the construction industry, agriculture, forestry and land use change.

COAG recognises that there is a difference in policy approaches between jurisdictions concerning the development at this time of a market-based national approach to the reduction in emissions in the stationary energy sector. There are, however, significant opportunities for collaboration and an increased national effort to support the reduction of emissions.

These opportunities include methods for reducing greenhouse emissions from the stationary energy sector focussing on minimising the cost of energy and on potential impacts on energy-intensive and export-oriented industries. The technology breakthroughs required to deliver secure, reliable, low-emissions energy on a large scale without significant price shocks to the economy are not expected to be realised before 2020.

Despite this fact, action is required now to signal policy directions which minimise the cost of emission abatement over the long term. A key challenge will be to provide a long term environment which promotes the research, development and deployment of these technologies.

A number of current programs which directly and indirectly contribute to managing greenhouse emissions, such as the Mandatory Renewable Energy Target, the Queensland 13 per cent Gas Scheme, and the New South Wales Greenhouse Gas Abatement Scheme, have provided price incentives which have increased low emission energy production and reduced emissions below "business as usual" levels.

Accelerated Development and Deployment of Technology

Australia's governments have invested and committed well over \$1 billion up to 2020 towards technology development to reduce greenhouse gas emissions. A significant portion of that spending is being made available to assist development of renewable energy technologies.

Jurisdictions have a variety of programs in place to encourage technological innovation, including funding programs. Jurisdictions agree that an important objective of these programs is to accelerate the development and deployment of a range of low-emission technologies, including various forms of renewable energy.

Australia has the physical, financial and intellectual resources to be a leader in increasing the market penetration of these technologies. From its current knowledge base, Australia can grasp the economic development opportunities for exporting low-emission technologies, intellectual property and services.

COAG recognises that well targeted policies and investment can accelerate the discovery, development, commercialisation and deployment of technologies for reducing greenhouse gas emissions. Jurisdictional cooperation and collaboration on technology should focus on areas where Australia has or could establish a comparative advantage. In addition, there remains an ongoing need for innovation and the development of knowledge about how to successfully develop and deploy new technologies, including technologies for demand management and adaptation. Collaboration between jurisdictions needs to be based on information sharing between jurisdictions and on partnership with the private sector.

Against this background, COAG has requested a report on the identification of possible gaps in support for low emission and adaptation technologies in which Australia has a comparative advantage or could adapt for use in the Australian context. The report will include strategies for addressing identified gaps as well as identifying early opportunities for demonstration of new technologies. The strategies to be developed will include support for technologies at a number of stages in the research, development and deployment spectrum; and examining the potential for expanded national and cross jurisdictional approaches for delivery of technology programs and support for technology research.

COAG has asked for this report to be prepared by the middle of 2006.

A COAG Climate Change Group will be formed to progress this report and some other initiatives set out in the Action Plan. The Group will be made up of representatives of all jurisdictions and chaired initially by the Australian Government and subsequently rotated. The work of the Climate Change Group will be reviewed in two years.

Jurisdictions are progressing different aspects of policy relating to renewable energy and other low-emissions technology, both through Ministerial Councils and separately. For example, the Ministerial Council on Mineral and Petroleum Resources has agreed principles for developing consistent national regulation of geosequestration and the Ministerial Council on Energy is undertaking work to address regulatory impediments to the uptake of renewable and distributed generation. COAG considers that an opportunity exists to draw this work together and identify opportunities for further collaboration to assist the further development and the deployment of renewable and low emission technologies.

To that end, COAG has asked the Climate Change Group to also develop a national framework for the take-up of renewable and low emission energy technologies. This framework will draw upon the outcome of work by Ministerial Councils and identify whether there are gaps and further opportunities for addressing market penetration of these technologies. This work will also draw upon current Australian and international best practice.

Energy Efficiency

Energy efficiency has a significant role to play in reducing greenhouse gas emissions, and in reducing requirements for future investments in energy supply and infrastructure. Energy users currently spend \$50 billion annually on energy. It is widely considered that many businesses and households can save 10-30 per cent of their energy costs without reducing productivity or comfort levels.

Energy efficiency has consistently proved to be the most cost-effective of Australia's responses to greenhouse gases. Government support for energy efficiency can deliver net benefits where it facilitates resource and capital efficiencies that exceed the cost of the government support. Such support can unlock these efficiencies by overcoming barriers to the efficient use of energy.

The important role of energy efficiency has been recognised by the Ministerial Council on Energy (MCE), which has developed a National Framework for Energy Efficiency (NFEE) to define future directions for energy efficiency policy and programs. COAG notes that the MCE is progressing stage one of the NFEE and that progress is also beginning on what will be included in stage two.

Jurisdictions note and support the proposal in the Review of National Competition Policy for COAG to task the MCE to develop a work program from 2006 to establish effective demand-side response mechanisms in the electricity market.

COAG seeks to identify any further opportunities for energy efficiency in the areas of transport, agriculture and buildings.

Against this background COAG requests that the:

- Australian Transport Council (ATC) and the Environment Protection and Heritage Council (EPHC) report to COAG at the end of 2006 on:-
 - programs and incentives to encourage the uptake of more fuel efficient and low emission passenger and freight vehicles, and
 - current work being carried out by the Councils into strategies for travel demand management, including increased use of public transport, with particular emphasis on strategies suited to being progressed on a cross-jurisdictional basis;
- the ATC and the EPHC provide advice on opportunities for reforms to regulations, standards, codes and labelling requirements to improve vehicle fuel efficiency;
- Natural Resources Ministerial Council examine and report on the possible development of emissions intensity benchmarks and environmental management systems for agriculture. This includes development of new approaches to reduce emissions from agriculture and land use and new measures to promote carbon sequestration in agriculture and land use; and
- Local Government and Planning Ministers' Council examine and report, after seeking advice from the Australian Building Codes Board, on current and possible future programs, incentives and strategies for land use planning and building practices to reduce energy demands, in terms of energy efficient planning and building / infrastructure design and in embedded energy of materials and construction, maintenance and operation processes. Consistent with COAG's decision on a National Adaptation Framework, the Ministerial Council is requested to take into account the need for risk management approaches to adapt to the impacts of unavoidable climate change in its sector.

Adaptation to Manage the Unavoidable Impacts of Climate Change

Recently, there has been an increasing emphasis on the importance of adaptation strategies to address the consequences of climate change. COAG recognises that there are significant opportunities for collaboration across jurisdictions to develop a national approach to adaptation.

Adaptation to climate change is adjustment activity to respond to anticipated or actual consequences associated with climate change; for example, a flood mitigation plan. Adaptation recognises Australia's vulnerability to the range of these consequences, and includes focus on early planning to manage the risks, avoid future costs and maximise potential benefits for Australia.

The following sectors have been identified as those with the most potential to benefit from early adaptation planning: buildings, settlements and infrastructure, particularly on the coasts; emergency services; energy infrastructure; water supply; and agriculture and natural ecosystems. There are also significant potential benefits in early adaptation planning for human health, tourism, forestry and fisheries.

Recognising that climate change has begun, and will continue, and that adaptation action will be required to complement the reduction of greenhouse gas emissions, priority must be given to identifying where careful and targeted action and investment will deliver significant benefits in the future.

Most regions and sectors are vulnerable to the unavoidable impacts of climate change. However, it is important to focus national effort. All governments, industries and communities will benefit from collaboration on predictive capacity at a regional scale, adaptation planning and learning from past experience.

COAG welcomes the March 2005 report *Climate Change: Risk and Vulnerability*, prepared for the Australian Government, which highlights those geographical areas and industries most likely to benefit from early adaptation planning.

COAG agrees that further nationally coordinated work on adaptation is necessary to better prepare Australia for the inevitable impacts of climate change and to provide business with an informed and more certain environment for investment decisions.

To that end, COAG has decided that a National Adaptation Framework will be prepared by the Climate Change Group for its review.

The Group's first task will be to identify an initial set of priorities for actions to address adaptation for COAG consideration at its next meeting. The overall focus will be on strengthening knowledge of climate change impacts and adaptation responses to assist effective risk management by decision-makers in business and in the community. The requirement is to better understand climate change impacts at the sectoral level; to develop better tools for testing the effectiveness of responses; to build up a body of knowledge on actual outcomes from applying adaptation strategies; and to share those learnings more widely.

The key elements of the National Adaptation Framework will include:

- a schedule for development of medium to long term adaptation strategies to better prepare Australia for further climate change and to provide business and communities with an informed and more certain environment for investment decisions;
- a strategy to strengthen knowledge of climate change impacts and adaptation responses, which may include pilot projects in key areas to establish effective methods and approaches;
- linkages to other aspects of the Climate Change Action Plan, notably building the knowledge base, technology development, and business investment certainty;
- linkages to the work of COAG and Ministerial Councils in developing national adaptation strategies; and
- a practical focus which leads to strategies capable of being translated into action. Examples include development of strategies to protect biodiversity, assist water management, protect human health and manage fire protection.

Building and Sharing the Knowledge Base

Government, communities and industries need soundly based scientific advice to inform their decisions in response to climate change. Many of these decisions will involve substantial investments and will need to include considerations of the inherent risks posed by the impacts of climate change. Some industries, such as insurance and the finance sector, are already taking action to address climate risks.

However, COAG is of the view that, given the magnitude of the challenges confronting Australia as the result of global warming, it is extremely important that the very best scientific and research knowledge is available to underpin the planning and investment decisions that will need to be taken over the coming years. COAG notes that several other countries including the UK

and Canada have already established new scientific institutions to support climate change strategies and programs in those countries.

COAG acknowledges the extensive research and scientific capability that already exists in various Commonwealth and State bodies and similar institutions, including CSIRO, the Bureau of Meteorology and universities. COAG also notes that significant funding has been made available again at both the Commonwealth and State levels for targeted research into various aspects of Climate Change.

However, jurisdictions have identified some gaps in Australia's research and scientific capability – particularly in relation to applied research and knowledge at the regional level – and that, without improved coordination, there is potential for wasteful duplication of effort in various institutions and regions throughout the country.

COAG has therefore asked that the Climate Change Group commission a study to examine options for ensuring that Australia's scientific research resources are organised in a way that will effectively support climate change decision making at the national and regional levels. The options to be examined by the Group will include, but not necessarily be limited to:

- mechanisms for achieving better coordination of existing efforts;
- opportunities for improving networking and information exchange;
- a virtual model which would see resources retained in existing institutions but more effectively targeted to national and regional priorities through contracted research; and
- a new dedicated Centre for Climate Change Science and Knowledge.

The group is expected to report to the next meeting of COAG. An amount of \$100,000 is to be provided for the study to be shared 50 per cent by the Commonwealth Government and 50 per cent by the States and Territories on a population basis.

Emissions Reporting

COAG recognises that high-quality emissions reporting, integrity of emissions data and public reporting are important parts of any Climate Change Action agenda. Greater community awareness about climate change results in consumers and financial institutions taking a more active interest in emission patterns resulting in demand for action to reduce emissions. These data are also necessary to design policies and assess their impact.

COAG recognises that there is a range of different reporting requirements currently in place, and that these reporting requirements can place an unreasonable and costly burden on business.

COAG notes that both the MCE and the EPHC are examining ways to improve emissions reporting, including conducting a cost-benefit analysis on mandatory reporting. COAG requests the Councils to fast track these investigations and, at the conclusion of this work, to recommend options to strengthen emissions reporting approaches, including a possible national reporting system.

Assisting Business Certainty

COAG acknowledges that there will always be uncertainty for business, governments and the community in relation to climate change and that completely removing all uncertainty is impossible. However, as this Plan of Action shows, there are practical steps that governments can take to assist business confidence. The agreement by all Australian governments to a set of

principles to assist the development of future policy will provide consistency across all jurisdictions which is important for business when undertaking sound investment decisions. These principles will ensure that Australia's international competitiveness is maintained, that the investment climate will be conducive to growth, and that the future abatement task will be an equitably shared responsibility across all sectors.

This Plan of Action has also focussed on streamlining government responses to avoid duplication, where possible, and to encourage increased partnerships between business and governments. COAG's agreement to develop and implement a national adaptation framework recognises that the uncertainty surrounding climate change impacts can adversely affect long-term investment decisions. The national adaptation framework will assist business planning through providing an integrated and coherent approach to this emerging area of climate change policy.

COAG will host both a business and community forum in the first half of 2006. The business forum will involve key industry associations and senior officials from central agencies across all jurisdictions, while the community forum will involve key community and non-government organisations. The forums will be designed to encourage frank discussion on ways in which business and the community can be actively involved in the work resulting from this Plan of Action. The outcomes from the forum will be presented to COAG for consideration.

The International Agenda

COAG notes that the Australian Government will continue to take a strong role in pursuing a comprehensive international framework that includes all major emitters and is economically efficient, environmentally effective and does not impose an unfair burden on Australia.

In terms of current multilateral efforts, Australia remains actively engaged in the United Nations Framework Convention on Climate Change process, including last year's 11th Conference of the Parties. COAG understands that the form or scope of any future multilateral arrangements is unclear at this stage. COAG also notes that Australia is currently on track to meet the target we negotiated at Kyoto of 108 per cent of 1990 emissions by 2008-2012.

COAG notes that the Australian Government will expand its current briefings with the States and Territories before Conference of the Parties' meetings to allow for improved engagement on Australia's climate change position and a broader discussion on international developments such as the Asia-Pacific Partnership on Clean Development and Climate.

COAG endorses the continued active engagement of the Australian Government in international efforts on climate change and acknowledges the important contribution that dialogue with the States and Territories brings to the process of forming Australia's international position.

The Roles of Ministerial Councils and the Climate Change Group

COAG supports the valuable collaborative work being carried out by Ministerial Councils in the areas of Energy, Natural Resources Management, Primary Industries, Transport, Environment Protection and Heritage, Local Government and Planning and Mineral and Petroleum Resources. COAG requests that all Ministerial Councils consider climate change implications of their own agendas, including adaptation and mitigation responses.

COAG is establishing the Climate Change Group to assist with a co-ordination of advice across Ministerial Councils and to take on assignments that do not fall within the province of any individual Council. Ministerial Councils remain responsible for the carriage of their own work.

A summary of actions described in this Action Plan follows.

Summary of Proposed Actions

COAG has asked for:	by the:	due:
A report on gaps in low emission and adaptation technologies and the potential for expanded cross-jurisdictional programs for the delivery of technology.	CCCG	Middle of 2006
A national framework for the take-up of renewable and low emission technologies.	CCCG	End of 2006
A report on options for encouraging more vehicle fuel efficiency and travel demand management strategies suited to being progressed on a cross-jurisdictional basis.	EPHC / ATC	End of 2006
A report on the potential for development of emissions intensity benchmarks in agriculture and associated environmental management systems.	NRMC	End of 2006
A report on incentives and strategies for land use planning and building practices to reduce energy demand and adapt to climate change.	LGPMC	End of 2006
A national climate change adaptation framework to assist effective risk management by business and community decision-makers.	CCCG	End of 2006
A study to examine options for ensuring that Australia's scientific research resources are organised to effectively support climate change decision-making at the national and regional levels.	CCCG	End of 2006
Acceleration of existing work by Ministerial Councils on emissions reporting and development of options for strengthened reporting approaches.	MCE/EPHC	First half of 2006
Two fora to be hosted by COAG to secure active involvement of business and the community in the Action Plan.	CCCG	First half of 2006
All Ministerial Councils be asked to consider any climate change implications of their decisions and activities.	All Ministerial Councils	Ongoing

CCCG - COAG Climate Change Group
 EPHC - Environment Protection and Heritage Council
 ATC - Australian Transport Council
 NRMC - Natural Resource Management Council
 LGPMC - Local Government and Planning Ministers' Council
 MCE - Ministerial Council on Energy