Executive Summary

A Coalition Government will implement a climate change strategy based on direct action to reduce emissions and improve the environment.

Direct action on soil carbons will be the major plank of our strategy, supported by other direct action measures that will reduce CO_2 emissions by 5 per cent by 2020 based on 1990 levels and deliver significant environmental outcomes – without the need for a great big new tax.

Emissions Reduction Fund

To facilitate direct action, a Coalition Government will establish an Emissions Reduction Fund to support CO_2 emissions reduction activity by business and industry.

Through the Fund, we will support 140 million tonnes of abatement per annum by 2020 to meet our 5 per cent target. This is a once in a century replenishment of our soil carbon.

Through the Fund we will also make incentives available for the oldest and most inefficient power stations to reduce their emissions in an orderly manner which protects jobs, electricity prices and energy security. 'Clean Energy Hubs' will also be established in the LaTrobe, Hunter and Central Queensland regions.

The Emissions Reduction Fund will also provide incentives to support further direct action that may be required to meet our emissions reductions targets. This may include direct action on forestry, energy efficiency, recycling and other measures as required.

Direct Action on Renewable Energy and a New Solar Sunrise for Australia

A Coalition Government will introduce a range of initiatives to boost renewable energy use in Australian homes and communities, including investing $100 million each year for an additional one million solar energy homes by 2020.

To accelerate the roll-out and uptake of renewable energy right across Australia, 125 mid-scale solar projects will be established in schools and communities and 25 geothermal or tidal power 'micro' projects will be established in suitable towns.

To support the development of larger scale renewable energy generation, a proportion of incentives provided through the Renewable Energy Target will be reserved for bigger projects. Research will also be undertaken on the potential for high voltage direct current cables to support the establishment of large scale renewable energy projects in remote locations and to help reclaim land currently lost to high voltage transmission corridors in our cities.

A Coalition Government will support a major study into the potential for algal synthesis and biofuels and support a study into replacing high voltage overhead cables in our cities with underground cables. We will also save the 'Greenhouse Friendly' programme, axed by Labor.

We will also support direct action to plant an additional 20 million trees in available public spaces.

Introduction

The Coalition supports strong and effective action to improve the environment and to reduce CO_2 emissions.

A Coalition Government will support direct action on climate change to reduce Australian CO_2 emissions by five per cent by 2020, while at the same time delivering real environmental benefits.

This will be achieved without new or increased taxes on Australian industries or increased costs to Australian households and families.

We are committed to incentives rather than penalties; to rewarding positive action rather than punishing Australian families, households and businesses.

Labor's Emissions Trading Scheme (ETS) will increase the cost of living, put greater pressure on the household budgets of Australian families, penalise industry, and cost jobs, without delivering commensurate environmental benefits.

Labor's ETS will also create a system of quasi-property rights that will be hard to amend or abolish should the understanding of these issues change or the best treatment of them be altered by new global agreements.

Instead of supporting good environmental outcomes in Australia, Labor's ETS relies on the widespread purchase of emissions reductions from other countries. We don't believe Australians should have to pay a great big new tax to fund outcomes in other countries.

In contrast, the Coalition will ensure that all action taken to achieve our 5 per cent CO_2 emissions reduction target also delivers environmental improvements here in Australia, not overseas.

While there are no cost-free approaches to reducing Australia's CO_2 emissions, direct action can be taken to reduce emissions and improve the environment without the onerous costs of a great big new tax.

Our policy will cost $3.2 billion over 4 years, while the ETS costs $40.6 billion over the first four years.

Labor's Great Big New Tax on Everything

Labor's approach to climate change is nothing more than a great big new tax on families and the Australian economy. It is a tax policy masquerading as an environment policy.

Labor's ETS will increase costs for every Australian household and business without producing any meaningful environmental outcomes. Every Australian will face higher costs of living, especially for essential services like electricity and grocery items.

The best-case scenario under Labor's ETS is that half of all Australian households will be worse off.[1] These are working families and pensioners, self-funded retirees and small business owners who will face dramatically higher heating and cooling costs, as well as significantly higher prices for milk, bread and other basic groceries – in direct breach of Mr Rudd's election promise to keep grocery prices low.

No Explanation of the Detail, No Guarantees on the Costs

Labor has been unable to explain the detail of their ETS or the costs to households and families.

Labor has also refused to guarantee that their ETS won't result in households and families paying more.

Kevin Rudd has repeatedly refused to explain the detail of his ETS or debate his ETS in public.[2] This is a major failure of leadership and demonstrates how out of touch the Prime Minister has become.

Julia Gillard has also been unable or unwilling to do so, refusing seven times in one interview to tell low income Australian families how much Labor's ETS will cost them.[3]

Wayne Swan has also explicitly refused to make any guarantees to low income families.

> *GILBERT: But can you guarantee that no low income family will be worse off?*
>
> *SWAN:* ***We can't guarantee that no one will be worse off****. (Wayne Swan, Sky News, 16/11/09)*

Labor's proposed 'compensation' will be inadequate and misses the point: families and businesses will still have to wear the initial costs. Managing the payment of this proposed compensation will also create a massive bureaucratic 'money-go-round', adding huge administrative costs to our economy.

The payment of compensation will also create a massive political 'slush-fund' providing Kevin Rudd with an excuse to hand out cheques to favoured groups and electorates while his great big new tax punishes Australian industries and households.

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1 ABS, *Australian Demographic Statistics*, (June 2009) and the Minister for Families, Housing, Community Services and Indigenous Affairs, media release, "Household Assistance Under the Carbon Pollution Reduction Scheme," (25 November 2009).

2 Leon Byner's interview with Kevin Rudd on 5AA (15 October 2009).

3 Leigh Sales interview with Julia Gillard on Lateline (17 December 2009).

Labor's great big new tax will drive up the price of electricity[4] for households and families, forcing them to decrease their heating in winter and cooling in summer. This will cause particular hardship amongst pensioners and low income families.

But because electricity consumption is largely inelastic, prices will have to rise significantly to achieve a relatively small change in consumption. So at the heart of Labor's proposed new scheme is a fundamental economic flaw – it relies on massively increasing the price of an inelastic good in an attempt to produce a change in consumer habits.

The cost of the scheme is shown by Labor's own figures. Labor's proposed scheme will raise approximately $16 billion in 2020 from Australian households[5] to deliver approximately 140 million tonnes of CO_2 savings. This is a dramatically inefficient CO_2 price and results from Labor's reliance on using energy prices as the lever for reducing emissions, rather than direct action.

The Employment Cost of Labor's Great Big New Tax

Many of Australia's largest employers have expressed concern about the thousands of job losses that will result from Labor's great big new tax on everything.[6]

- Rio Tinto has stated that "put simply, the CPRS as proposed will cost jobs - now and in the future."[7]
- Bluescope and OneSteel say "it's a direct threat to the New South Wales regional economy and the 12,000 workers and their families."[8]

These job losses are the real and tangible results of Mr Rudd's desire to rush ahead with an emissions trading scheme despite the failure of Copenhagen, and jobs losses are more likely now that we know how little the rest of the world will do. However, Mr Rudd and Labor continue to ignore the growing evidence of the employment devastation that will be caused by their great big new tax.

For example, research prepared for State and Territory Governments' show that 126,000 full-time jobs will be lost or foregone throughout every area of Australia under the Government's rushed and bungled scheme.[9]

- 45,000 jobs to go in NSW
- 32,000 jobs to go in Victoria
- 28,000 jobs to go in Queensland
- 13,000 jobs to go Western Australia

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[4] New South Wales Independent Pricing and Regulatory Tribunal, *Review of Regulated Retail Tariffs and Charges for Electricity 2010-13 – Draft Report and Draft Determination* (December 2009).

[5] Treasury, *Mid-Year Economic and Fiscal Outlook 2009-10*, p.37.

[6] Mitch Hooke, "The Carbon Plan Will Cause Jobs Carnage," *The Australian*, (22 May 2009).

[7] Rio Tinto, *Submission to the Senate Standing Committee on Economics*, (25 March 2009), p.1.

[8] Bluescope Steel, *Annual Report 2008-09*, p.7.

[9] Access Economics, *Report Prepared for the Council for the Australian Federation – Impacts on Disadvantaged Regions*, (May 2009), p.iii.

- 6,000 jobs to go South Australia
- 2,000 jobs to go in Tasmania
- 1,000 jobs to go in the Northern Territory

These findings are supported by the Minerals Council of Australia,[10] the Australian Coal Association[11] and many other organisations and businesses right across the Australian economy. This growing body of evidence cannot be ignored.

The Regional Impact of Labor's Great Big New Tax

Everyone will feel the impact of Labor's great big new tax – but regional communities will be hit hardest of all. Research commissioned by the NSW Government into the regional impacts of Labor's scheme found that regional centres will be the hardest hit.[12] Across Australia, regional communities including Gippsland, Geelong, central-west Queensland, the Hunter Valley, central Western Australia, the Kimberley region and Whyalla / Port Pirie, will bear the brunt of Labor's ETS.

This bleak outlook for regional Australia is supported by a June 2009 ABARE study that found that even if agriculture was not brought into the scheme, farmers would face higher electricity, fuel and freight costs and lower farm-gate prices passed back by processors.[13]

ABARE also found that broad acre incomes would slump by two per cent in 2011 and be down by up to fourteen per cent by 2015 – a slug of $1,100 initially increasing to up to $8,900 over four years. In addition, beef farmers could lose $1,200 initially, increasing to $6,700 by 2015. The outlook is just as bleak for other farmers. Sheep farmers could expect a slug of $800 initially rising to $4,800 by 2015. Crop farmers could expect an initial $1,400 slug rising to $9,700 or $10,600 by 2015. Similarly, dairy farmers could face a $1,800 slug in 2011, rising to $8,800 or $10,400 by 2015.

Labor's Lack of Detail in Opposition

Labor has demanded from the Coalition a level of climate change policy detail that they themselves were unable or unwilling to provide when in opposition.

The substance of Labor's response in Opposition was to commit to an ETS and then commission a review to develop the detail, with a reporting date well beyond the election.[14]

Labor's election policy documents included references to an ETS, but Kevin Rudd provided no detail on how an ETS would be implemented, its scale, its impact, or its cost to families, households and businesses.

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[10] Minerals Council of Australia, *Submission to the Senate Select Committee Inquiry into Climate Policy*, (April 2009), p.8.

[11] ACIL Tasman, *Report Prepared for the Australian Coal Association – Economic Assessment of CPRS' Treatment of Coal Mining*, (7 May 2009), p.16.

[12] Lenore Taylor and Imre Salusinsky, "ETS to 'Shrink Regional Growth,' Says Secret NSW Government Report," *The Australian*, (26 March 2009).

[13] ABARE, *Issues Insights: Effects of the Carbon Pollution Reduction Scheme on the Economic Value of Farm Production*, (June 2009), p.5.

[14] Ross Garnaut, *The Garnaut Climate Change Review*, (2008).

The Coalition's Strong Record on Climate Change

The Coalition has a strong record on responsible environmental action to reduce CO_2 emissions.

Between 1996 and 2007, the Coalition committed some $20 billion to a comprehensive range of measures to restore and protect our natural environment and invested $3.5 billion in actions to address climate change.

Clean Energy

The Coalition established the $500 million Low Emissions Technology Demonstration Fund to support these projects:

- $75 million toward a $420 million project to build a 154MW solar concentrator in regional Victoria;
- $50 million toward a $360 million pilot for a brown-coal drying and post-combustion carbon dioxide capture and storage project that will reduce CO_2 emissions and potentially be retrofitted to other generators in the LaTrobe Valley;
- $60 million to support the world's largest CO_2 capture and storage project in Western Australia that will reduce CO_2 emission by approximately 3 million tonnes per annum;
- $75 million to the Fairview power project which will extract methane from coal-seams to power a 100MW power station; and
- $50 million for a world-first oxy-fuel demonstration project that will store approximately 30,000 tonnes of carbon over three years.[15]

The Coalition also invested more than $450 million in technologies to reduce emissions from coal activities.

Renewable Energy

The Coalition provided significant support for renewable energy, with more than $1 billion of the Coalition's $3.5 billion climate change funding allocated to renewable energy initiatives.

The Coalition established the worlds first Mandatory Renewable Energy Target (MRET) – a legislated national renewable energy market based on an innovative system of tradeable certificates which stimulated $3.5 billion of investment in renewable energy technologies since its introduction in 2001.

Building on MRET, the Coalition committed to a national Clean Energy Target set at 30,000 gigawatt-hours a year of low-emissions electricity by 2020 – or around 15 per cent of Australia's electricity production. More recently the Coalition led the push for an increase in this target to 20 per cent, resisting Labor's attempt to hold this increased target hostage to the implementation of their emissions trading scheme.

[15] http://www.ret.gov.au/energy/Documents/energy%20programs/letdf-round-1-funded-projects.pdf

Solar Cities

The Coalition put in place the $75 million Solar Cities programme, with five solar cities projects announced for Adelaide, Townsville, Blacktown, Alice Springs and Central Victoria.[16] Together these solar cities will provide practical benefits for communities including:

- 3,464 solar photovoltaic panels to be installed on private and public housing and on commercial and iconic buildings;
- 4,100 solar hot water systems to be installed in private and public housing;
- 15,100 smart meters to give residential customers real-time information on energy use;
- 8,450 energy efficiency consultations to be conducted in households and businesses; and
- 71,500 energy efficiency packs to be available for households and commercial customers to support their energy efficient choice.

The Coalition also established a $4,000 rebate to help families install solar panels in their homes – and then doubled this rebate to $8,000. This rebate was subsequently scrapped by Labor, breaking an election commitment and creating havoc in the Australian solar industry.[17]

Adaptation

The Coalition committed $126 million to establish a National Climate Change Adaptation Centre to help vulnerable sectors and regions understand the impacts of climate change and develop practical responses. This builds on the $14.2 million National Climate Change Adaptation Programme and complements a $44 million CSIRO Adaptation Flagship.

The Coalition also invested billions of dollars in measures to help improve the resilience of our land to the impacts of climate change. These included the $5.1 billion Natural Heritage Trust, $1.4 billion National Action Plan for Salinity and Water Quality, and our revolutionary $10 billion National Plan for Water Security.

[16] http://www.environment.gov.au/settlements/solarcities/index.html

[17] Hon Peter Garrett and Sen Penny Wong, Media Release, (9 June 2009).

International Responses to Climate Change

Most developed countries have undertaken action on climate change. The G8, for example, has sought to promote cleaner energy and more sustainable development. Some countries have adopted a national emissions trading approach to reducing carbon emissions, while others have relied on taxes or a mixture of the two.

The Americas

The world's largest emitter of carbon, the United States, has yet to ratify the Kyoto Protocol and has relied on incentives for research and development into greater energy efficiency. The Obama administration has proposed an emissions trading scheme, but the legislation has yet to pass Congress and the passage of the legislation is looking increasingly unlikely. In the interim, many states within the United States have adopted vehicle, fuel, energy consumption and atmospheric pollution taxes.

Canada has also relied on taxes to curb carbon emissions and has deferred introduction of its own emissions trading scheme until one has been finalised in the United States, although the Alberta Province has its own emissions intensity based trading scheme. Both provincial and national governments have fuel taxes in place, in part to reduce carbon emissions. In 2005 the national government indicated that it would introduce a Large Final Emitters System, which is an emissions trading scheme for the mining, manufacturing, oil, gas and thermal electricity sectors.

Brazil has committed to cutting emissions by between 36.1 and 38.9 per cent by 2020 compared to 2005 levels, but a majority of these reductions will be achieved by limiting further deforestation.[18]

Europe

The European Union has committed to an unconditional cut in emissions of 20 per cent below 1990 levels by 2020 and will go to 30 per cent if substantial action is taken by rest of the world.[19] It has also introduced an emission trading scheme, albeit with a widely fluctuating price of carbon and substantial state subsidies for the renewable energy sector.

The actions of the European Union are complemented by those of individual countries, such as France which has its own 'white certificate' energy efficiency trading scheme[20] and Italy which has its own range of fuel, vehicle and air pollution charges.[21] Many of the Nordic countries have taken more direct action by introducing electricity tax incentives for most users to use less electricity and extensive subsidies for public transport.

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[18] Brazilian Government, Ministerio do Meio Ambiemte, 'Brazil presents in proposal for UN convention on climate change', *Media Release*,

http://www.mma.gov.br/sitio/en/index.php?ido=ascom.noticiaMMA&idEstrutura=8&codigo=5329

[19] Reuters News, "Factbox – Climate Negotiating Positions of World's Top Emitters', *Online Background Note*, (26 November 2009), http://communities.thomsonreuters.com/Carbon/435371

[20] International Energy Agency Climate Change Policy database, http://www.iea.org/textbase/pm/?mode=cc

[21] European Environmental Agency /OECD Economic Instruments database, http://www2.oecd.org/ecoinst/queries/index.htm

Russia has committed to carbon reductions of between 22 and 25 per cent on 1990 levels, an effective *increase* in carbon emissions given that emissions were already approximately 34 per cent below 1990 levels in 2007.

Asia

China has announced its intention to substantially cut emissions intensity[22] and has a plan to increase renewable energy and improve energy efficiency. It has also introduced differential vehicle excise rates based on size and engine capacity.[23]

India has similarly announced its intention to substantially cut emissions intensity[24] and has substantial plans to increase both renewable energy supply and energy efficiency.

Japan announced 25 per cent cuts to emissions by 2020 over 1990 levels subject to the outcome of the Copenhagen conference, and also plans to implement a compulsory national trading scheme.[25]

Climate Change Policies of Major Economies in 2009		
Country	**National Emissions Trading (Y/N)**	**Emissions Taxes (Y/N)**
Argentina	N	N
Australia	N	N
Brazil	N	N
Canada	N	Y
China	N	Possible
EU	Y	Varies
France	Y	Y
Germany	Y	Y
India	N	N
Indonesia	N	N
Italy	Y	Y
Japan	Y	Y
Mexico	N	Y
Russia	N	N
Saudi Arabia	N	N
South Africa	N	Possible
Turkey	N	Y
UK	Y	Y
USA	Power stations only	Y

Source: Parliamentary Library December 2009

[22] Reuters News, "Factbox – Climate Negotiating Positions of World's Top Emitters," *Online Background Note*, (26 November 2009), http://communities.thomsonreuters.com/Carbon/435371.

[23] International Energy Agency Climate Change Policy database http://www.iea.org/textbase/pm/index_clim.html accessed 4 December 2009.

[24] Reuters News, "India Follows China, US in Setting Carbon Targets,"(3 December 2009)

[25] Sachiko Sakamaki and Takashi Hirokawa, "DPJ to Raise Target for Japan's Greenhouse-Gas Cuts, Okada Says," Bloomberg, (27 July 2009), http://www.bloomberg.com/apps/news?pid=20601101&sid=arTsqA3Pe_zI and Reuters US News, "Japan Eyes Mandatory Cap and Trade in 2011/12 Nikkei," (17 September 2009).

Australian Governments' Responses to Climate Change

The Commonwealth and State governments have been undertaking a range of policies and programs on climate change for more than a decade including, but not limited to, those outlined below.

The Wilkins Report on climate change programs within Australia found that there are too many programs being administered and that "many are ad hoc or badly targeted."[26] A key recommendation of the Wilkins Report was that the Commonwealth Government use its fiscal resources to consolidate and better organise the various programs administered by the State Governments.

The Wilkins Report made it clear that a majority of government expenditure on climate action (over 60 per cent) is directed toward technology development and industry assistance. Only 15 per cent of government expenditure on climate action is directed at encouraging direct action on carbon emissions by households.

The range of disparate, poorly co-ordinated and poorly targeted government programs led to the Wilkins Report stating that "on the basis of the evidence available, it is difficult to judge whether the results achieved by existing programs are sufficient to justify the considerable expenditure involved…Many programs appear to have been introduced to address short-term announcement imperatives rather than in response to evidence of a need to act."[27]

It is thus not surprising that most of the current government activity to reduce CO_2 emissions appears to be geared more toward fanciful political spin rather than the introduction of meaningful, effective and easily understood direct action on climate change.

Commonwealth Government

The Labor Party used the environment for political gain prior to the election, but like so many other policy challenges Mr Rudd is failing to deliver on the promises he made. Labor has also abandoned many of the programs that provided for direct community engaged on climate change issues.

Labor introduced a means test on the solar panel rebate and then abolished the scheme only to replace it with a new one which is complicated, not supported by the solar energy industry, and which has been met by widespread confusion and hostility in the community. Two weeks after scrapping the solar homes rebate, Labor axed the remote solar program as well.

Labor has committed nearly $2 billion toward the development of various technologies through the Renewable Energy Fund ($500 million), the National Clean Coal Fund ($500 million), the Green Car Innovation Fund ($500 million), and other schemes that it claims will promote greater energy efficiency. It is unclear what actual outcomes have been achieved and these announcements have only contributed to an ineffective and poorly coordinated government approach.

The Rudd government also introduced the poorly designed rebate for energy efficient insulation in homes, resulting in widespread reports of rorting and a cost blow-out of $1 billion.

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[26] Roger Wilkins, *Strategic Review of Australian Government Programs on Climate Change*, (2009), p.1.

[27] Roger Wilkins, *Strategic Review of Australian Government Programs on Climate Change*, (2009), pp.42-43.

New South Wales and the Australian Capital Territory

The Labor Government in New South Wales introduced the 'Greenhouse Gas Abatement Scheme' (GGAS) from 1 January 2003. The Australian Capital Territory Government also adopted the scheme from 1 January 2005. The GGAS is administered by the Independent Pricing and Regulatory Tribunal of NSW.

Under GGAS, businesses are permitted to emit a share of total allowable emissions in NSW and the ACT, but emissions above the permitted level must be offset by surrendering abatement certificates or participants incur a fine. This 'baseline and credit' approach to carbon abatement allows a certain baseline of emissions to be made, without the need to surrender permits or purchase credits in respect of this base level of emissions.

Unlike the Rudd government's ETS, the GGAS is more heavily weighted to creating incentives for firms to reduce CO_2 emissions. The GGAS also dramatically lowers the cost of CO_2 reductions compared to the cap-and-trade approach of the emissions trading scheme.

Northern Territory

The Northern Territory has recently outlined a $34 million climate action policy that recognises the potential for more effective land management to deliver substantial CO_2 abatement. The policy states that effective land management can "deliver enormous opportunities to reduce and offset carbon emissions and provide new jobs in the carbon economy."[28] One of the policy's key targets is to improve CO_2 sequestration.

The Northern Territory Government has also introduced a range rebates for households that purchase and install selected energy saving devices.

Queensland

The Labor Government in Queensland has released a policy on climate change that centres on reducing energy use throughout the state. This includes a $900 million investment in clean coal technology and $300 million of the development of new climate change initiatives. This substantial investment stems from the government's commitment to developing carbon capture and storage so that "the coal industry has a sustainable future."[29]

In addition, the 'Queensland Gas Scheme' commenced operations on 1 January 2005. The scheme aims to increase the use of gas in the state by developing new gas sources and infrastructure.[30]

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[28] Northern Territory Government, *Northern Territory Climate Change Policy*, (2009), p.1.

[29] Queensland Government, *ClimateQ: Toward a Greener Queensland*, (2009), p.i.

[30] http://www.dme.qld.gov.au/Energy/gasscheme.cfm

South Australia

In 2007 the South Australian Government outlined its climate change policy for 2007-20. This policy did not outline commitments by the Government and included measures that were unfunded.[31]

The Government has since introduced a Residential Energy Efficiency Scheme (REES), which requires electricity and gas suppliers to implement energy efficiency measures for households, such as ceiling insulation.

Tasmania

The Tasmanian Government has indicated that there are substantial opportunities for CO_2 to be stored in the state's public and private forests.[32]

Victoria

The Victorian Government has committed to increasing the share of electricity generated from renewable sources to 10 per cent of the state's total electricity consumption by 2016. This has been accompanied by a series of funding announcements for low emissions energy technology research and development, as well as a $100 million investment by the government into a large scale solar power station.

The Government has given a strong commitment to the La Trobe Valley and its coal-fired electricity generators, stating that the government is "committed to maintaining the Latrobe Valley as a centre of energy production and expertise, while also creating new opportunities to diversify the regional economy."[33]

Western Australia

The Government in Western Australia has committed to a range of measures aimed at reducing CO_2 emissions, including creating a fund for the development of low emissions energy technology.

In particular, the WA Government has established a Low Emissions Energy Development Fund to support low emissions technology and encourage abatement. The WA Government has also developed a climate change adaptation and mitigation strategy for major sectors of the state's economy.

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[31] South Australian Government, *Tackling Climate Change: South Australia's Greenhouse Strategy*, (2007), p.i.

[32] Tasmanian Government, *Tasmanian Framework for Action on Climate Change*, (2008), p.24.

[33] Victorian Government, *Victorian Climate Change Green Paper*, (2009), p.58.

Direct Industry Action through an Emissions Reduction Fund

The Coalition is committed to meaningful industry action on climate change.

But rather than punishing industry for production and employment, Australia needs a scheme that will provide the incentive for firms to reduce their carbon emissions and, at the same time, minimise the costs to industry and the Australian economy.

It is vital that any approach to climate change does not hurt the competitiveness of Australian businesses and industry. In the aftermath of Copenhagen, it is clear that a tax on production will simply send jobs and emissions to China, India and Indonesia. Any scheme that adds unnecessary costs, or which does not result in meaningful reductions in CO_2 emissions, will simply raise prices for families and increase unemployment.

An Emissions Reduction Fund

A Coalition Government will establish an Emissions Reduction Fund to directly support CO_2 emissions reduction activities by business and industry.

Through the Fund, the Coalition will call for tenders for projects that will:

1. reduce CO_2 emissions;
2. deliver additional practical environmental benefits;
3. not result in price increases to consumers;
4. protect Australian jobs; and
5. not otherwise proceed without Fund assistance.

In order to achieve a five per cent reduction in CO_2 emissions by 2020, the Fund will support direct action to hold our national CO_2 emissions to a target of approximately 525 million tonnes of CO_2 equivalent per annum by 2020. This will match Labor's five per cent emissions reductions target.[34]

By directly supporting action to reduce emissions to this target level, the Fund will ensure that every dollar of expenditure goes towards actually reducing CO_2 emissions rather than a complex churn of money and new bureaucratic activity.

Size of Fund

The Fund will commence operation in 2011-12 with an initial allocation of $300 million, increasing to $500 million in 2012-13, $750 million in 2013-14 and $1 billion by 2014-15.

It is envisaged that the Fund will invest an annual average of around $1.2 billion in direct CO_2 emissions reduction activities through to 2020.

This is a significant investment in direct action that will deliver the CO_2 emissions reductions needed to achieve our commitment of a five per cent reduction by 2020.

[34] Senator the Hon Penny Wong, Media Release, (27 January 2010).

Operation of Fund

The Emissions Reduction Fund will use the existing National Greenhouse and Energy Reporting Scheme (NGERS) to determine proposed emissions reductions beyond overall base levels already determined for individual firms.

Businesses that reduce their emissions below their individual baseline ('historic average') will be able to offer this CO_2 abatement for sale to the government. This will provide businesses with a direct financial incentive to take direct action to reduce their CO_2 emissions below their baseline levels.

Small businesses and other entities not covered by NGERS will be able to participate on an 'opt-in' basis.

Unlike Labor's emissions trading scheme, businesses will not be penalised for continuing to operate at 'business as usual' levels.

Businesses that undertake activity with an emissions level above their 'business as usual' levels will incur a financial penalty. The value of penalties will be on a sliding scale at levels commensurate with the size of the business and the extent to which they exceed their 'business as usual' levels.

The value of the penalties will be set in consultation with industry.

Provision will be made to ensure penalties will not apply to new entrants or business expansion at 'best practice.'

Given the trend toward lower emissions-intensive activity, and the economic growth projections that have been built into 'business as usual' emissions estimates, this is only expected to apply in exceptional circumstances. The Coalition will engage in community consultation regarding the design of the Fund.

Less Complexity, Less Bureaucracy

Because it is based on NGERS, the Emissions Reduction Fund will be far simpler to implement than Labor's great big new tax on everything.

And as it will not be imposing liabilities but instead providing incentives, it will not require a lengthy and complex development process.

The Coalition would therefore propose to have such a scheme in place by 1 July 2011 and it will proceed until at least 2020, subject to review in 2015.

Direct Action in Australia, not Overseas

Labor's emissions trading scheme relies on extensive purchase of overseas CO_2 emissions abatement to meet the 5 per cent emissions reduction target. This delivers no local environmental benefit in Australia.

In contrast, the Coalition's approach ensures that all abatement activity supported by the Emissions Reduction Fund to achieve the 5 per cent emissions reduction target will occur in Australia – delivering environmental benefits here rather than overseas.

Facilitating Short and Long Term Direct Action

We recognise that many industries face substantial capital expenditure costs in reducing their CO_2 emissions.

Our Emissions Reduction Fund will provide the capacity for short and long term industry action, allowing firms to better manage their transition to lower CO_2 emissions.

By providing incentives, rather than imposing massive balance sheet liabilities, the capital will be available for businesses to conduct emissions reduction activities without the need for a massive injection of compensation raised through a great big new tax on everything.

A Flexible Approach to Changing Global Developments

Unlike Labor's emissions trading scheme, the Emissions Reduction Fund will give Australia maximum possible flexibility to adapt to changes in global developments.

Fund arrangements can be changed to meet the obligations of any global agreements to which Australia may become a signatory, or amended to reflect the approaches taken by our major trading partners and big global emitters. The Coalition remains committed to its previously announced target range.

Implementation

A Coalition Government will establish an expert body to assess tenders and make recommendations on activities to be supported by the Emissions Reduction Fund.

To ensure the Fund supports a broad range of direct action initiatives, measures considered for support by the Fund will be assessed against similar proposals from similar sectors. Assessment of projects will also take into account any additional significant public policy benefits.

Further detail on the development and operation of the Fund will be determined following an extensive consultation process involving industry, environmental groups and the wider community.

Soil Carbons – Once in a Century Replenishment of our Soils

The single largest opportunity for CO_2 emissions reduction in Australia is through bio-sequestration in general, and in particular, the replenishment of our soil carbons. It is also the lowest cost CO_2 emissions reduction available in Australia on a large scale.

Significantly improving soil carbons also helps soil quality, farm productivity and water efficiency, and should be a national goal regardless of the CO_2 abatement benefits.

Through the Emissions Reduction Fund a Coalition Government will commit to a 'once in a century' replenishment of our national soils and farmlands.

Through the Fund we will support up to 85 million tonnes per annum of CO_2 abatement through soil carbons by 2020 – and reserve the right to increase this, subject to progress and evaluation.

Farmers will be entitled to tender for all verified new additions in soil carbon beyond the commencement of the Fund.

We will commence this work by offering to purchase 10 million tonnes of CO_2 abatement through soil carbons for 2012-13.

Harnessing the National Benefits of Soil Carbons

The Garnaut Review,[35] the CSIRO,[36] the Wentworth Group,[37] State Governments[38] and other groups such as the Bio CCS Consortium of Australian companies[39] have all indicated the enormous CO_2 emissions reductions benefits of soil carbons for Australia.

Submissions to the Coalition from farm groups support the potential for a minimum 150 million tonnes of CO_2 equivalent per annum to be captured in soil carbons by 2020 and beyond, with a payment to farmers of approximately $10 per tonne.

International Recognition of Soil Carbons

While soil carbons are not recognised under existing Kyoto Treaty arrangements, any new global CO_2 emissions reduction agreement is expected to include soil carbons.

Current draft US emissions reduction legislation specifically includes soil carbons, and without their inclusion it is unlikely that a global agreement will be reached.

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[35] Ross Garnaut, *The Garnaut Climate Change Review Final Report*, (2008).

[36] CSIRO, "Analysis of Greenhouse Gas Mitigation and Carbon Biosequestration Opportunities from Rural Land Use," (2009).

[37] Wentworth Group of Concerned Scientists October, *Optimising Carbon in the Australian Landscape*, (2009).

[38] Access Economics, *Report Prepared for the Council for the Australian Federation*, (May 2009).

[39] The Consortium is comprised of MDB Energy, Ignite Energy Resources, Soil Carbon, Plantstone Technology, Ocean Nurishment and Environment Business Australia. Email to the Shadow Minister for Climate Action, Environment and Heritage, (20 and 31 January 2010).

Reducing CO_2 Emissions in the Electricity Sector

The dominance of coal as Australia's primary energy source is the principal reason that Australia's CO_2 emissions are higher per capita than in many other countries.[40]

Electricity generation represented approximately 200 million tonnes of CO_2 emissions or nearly 36 per cent of Australia's total CO_2 emissions in 2007. The largest proportion of this is base-load electricity generated primarily from black and brown coal.

Electricity Generators

Through the Emissions Reduction Fund, a Coalition Government will make incentives available for the oldest and most inefficient power stations to reduce their emissions in an orderly manner which protects jobs, electricity prices and Australia's energy security.

The Coalition will work with the electricity sector on the design of potential assistance that could be provided through the Fund to ensure both fairness and cost parity for consumers.

Support from the Fund will only be considered if appropriate guarantees are received in relation to jobs, energy security, and electricity prices.

Creating New Clean Energy Jobs

The Coalition recognises the potential for clean energy to underpin future employment growth in key regional areas.

In addition to potential support to be provided from the Emissions Reduction Fund, we will provide $60 million to develop the La Trobe Valley, Hunter and Central Queensland regions as Clean Energy Employment Hubs to drive additional clean energy research and development.

These 'Clean Energy Hubs' will support the identification and attraction of new employment opportunities to assist the transformation of local coal industry jobs transformation to clean energy jobs.

Details on the establishment of these Clean Energy Hubs will be determined in close cooperation with local business and community leaders from each region.

[40] Australian Energy Regulator, *State of the Energy Market 2009*, (2010), p.13.

Further Potential Action through the Emissions Reduction Fund

Through the Emissions Reduction Fund, direct action taken on soil carbons will play a major role, delivering an estimated CO_2 emissions reduction of 85 million tonnes of the 140 million tonnes required in 2020 for Australia to achieve its five per cent CO_2 emissions reduction target.

In addition, further direct action to reduce CO_2 emissions will be required to meet the 2020 target.

There is a wide range of other activity that could be supported by the Emissions Reduction Fund to deliver the additional emissions reductions needed to achieve the 2020 target. These include, but are not limited to, those outlined below.

Forestry Measures

Forestry can play an important part in climate change mitigation and adaptation policy.

Forest industry-based activities can play a significant role in reducing the CO_2 emissions footprint of Australia. The CO_2 emissions abatement potential is estimated by the National Association of Forest Industries (NAFI), to be up to 80 million tonnes of carbon abatement per year by 2020.[41]

Tree planting and forestry activities can also be used to provide a range of benefits in addition to climate change mitigation, including soil conservation, biodiversity and economic and social benefits in rural and regional areas from wood production.

Forestry CO_2 abatement can assist in the transition to a low emissions future through:

- sustainably managed production forests, including both native forests and plantations, as carbon sinks as well as for other purposes (e.g. timber production);
- the carbon stored in durable wood products and substitution for more emissions intensive building materials such as steel and concrete; and
- the green energy produced from forest industry wood wastes to offset emissions from fossil fuel based energy.

At a price of $15 per tonne, the National Association of Forest Industries has estimated the potential for an additional 12-15 million tonnes of annual CO_2 emissions abatement from long rotation plantations and wood waste by 2020.

Assessment of forestry projects for possible support through the Fund will include consideration of their impact on agriculture, as well as on surrounding ecosystems and water systems.

[41] National Association of Forest Industries, Letter to the Shadow Minister for Climate Action, Environment and Heritage, (21 January 2010).

Waste Coal Mine Gas

Coal beds create methane over time due to the heating and compression of the organic material that constitutes coal. During the mining of coal, this methane can either escape into the atmosphere or be utilised for electricity generation.

The extensive coal beds throughout Australia, particularly the eastern states, means that coal mine gas can represent a substantial source of CO_2 abatement.

For example, the methane gas at the Grasstree Mine in Queensland is now tapped for electricity generation. This is estimated to abate approximately 5.7 million tonnes of CO_2 between 2008 and 2012, and to provide electricity for over 30,000 homes each year.[42]

The sector has indicated the potential for at least 4 million tonnes of CO_2 emissions reduction per annum by 2020.[43]

Green Buildings and Energy Efficiency

Cities accommodate 80 per cent of Australia's population and produce directly or indirectly over 75 per cent of Australia's greenhouse gas emissions.[44] A recent *Australia on the Move* study commissioned by the Property Council reports 155,000 new dwellings each year are needed over the next five years to answer demand with current annual construction some 40,000 units less.[45]

The built environment also accounts for 23 per cent of Australia's greenhouse gas emissions.[46]

Reducing CO_2 emissions presents many opportunities for industry, households and government to take action on sustainable living and energy efficiency. We can, for example, embed sustainability principles in our homes, commercial buildings and workplaces, as well as promote industry innovation for greening our cities.

In addition to the potential support of energy efficiency projects through the Fund, a Coalition Government will work with a range of industry groups including the Clean Energy Council, the Energy Efficiency Council, the Green Buildings Council and the Property Council to develop complementary energy efficiency measures.

According to the Clean Energy Council, a combination of clean energy measures and a CO_2 abatement price of $15 per tonne could yield an annual CO_2 emissions reduction of 20-30 million tonnes by 2020.[47]

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[42] Department of the Environment, Water, Heritage and the Arts (2010). http://www.environment.gov.au/sustainability/industry/ggap/edl.html

[43] Confidential letter to the Shadow Minister for Climate Action, Environment and Heritage, (January 2010).

[44] http://www.bedp.asn.au/design/

[45] Property Council of Australia, *Australia on the Move*, (2005).

[46] http://www.asbec.asn.au/news/asbec_media

[47] Letter to the Shadow Minister for Climate Action, Environment and Heritage from the Energy Efficiency Council, (27 January 2010).

Landfill

Australia generates a large amount of refuse that is discarded in landfill sites. Landfill generates CO_2 emissions due to decomposing organic material contained within the refuse we throw out. Approximately 50 per cent of the emissions from landfill is CO_2, with the other 50 per cent being comprised largely of methane gas.

This presents Australia with two opportunities. We can both reduce the level of CO_2 emissions that are derived from landfill (whether by reducing landfill itself or managing landfill more effectively) and we can tap into the methane generated from landfill to generate electricity.

The industry has indicated that a $10 per tonne rebate for CO_2 abatement could reduce landfill emissions by fifty per cent over the next ten years, or between 4 to 5 million tonnes per annum by 2020.[48]

Composting

Composting involves the gradual, natural breakdown of organic material. It can result in substantial reductions in CO_2 emissions if organic waste material is transferred from landfill to compost.

Composting can also reduce CO_2 emissions because it is an aerobic process that can reduce the production of methane and nitrous oxide in the soil. This is an important consideration as methane is over 20 times worse than CO_2 and nitrous oxide nearly 300 times worse in terms of their environmental impact.

There are many opportunities for Australian industries and households to take direct action on climate change through more considered approaches to composting. Farmers also have opportunities to explore more efficient and environmentally friendly composting techniques.

Recycling

Recycling materials and waste produce is a low cost means of reducing Australia's carbon emissions. This is because recycling reduces the amount of goods that are produced solely from newly sourced raw resources. It reduces landfill and limits future emissions from landfill by reducing organic waste deposited in existing landfill sites, and by allowing existing materials (e.g. aluminium, glass, plastic, cardboard) to be reused as productive goods in the economy.

Recycling and the reduction of waste produce offers a low cost means of reducing carbon emissions that can be implemented and accelerated within a relatively short timeframe.

[48] Australian Landfill Owners Association, *Letter to the Shadow Minister for Climate Action, Environment and Heritage*, (23 December 2009).

Transport Fuels

Given the enormous ongoing reliance on fossil fuels in the transport sector, and the impact of transport fuels on CO_2 emissions, changes to fuel standards can provide significant opportunities for emissions reductions.[49]

The introduction of alternative fuels and use of more fuel-efficient vehicles also provide opportunities for future emissions reductions.

Any changes to the fuel mix also have the potential for substantial 'flow-on' consequences throughout the economy, as well as an impact on government revenue through excise and other measures.

Measures relating to transport fuels that are submitted for potential support through the Emissions Reduction Fund will be assessed against strict criteria relating to government revenue and fuel prices.

[49] United States Environmental Protection Agency, *Draft Regulatory Impact Analysis – Proposed Rulemaking to Establish Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards*, (September 2009).

CO_2 Emissions Reduction Estimates

The following estimates are based on publicly available research as well as direct feedback received from a range of business and industry representatives during extensive consultation conducted by the Coalition.

These estimates confirm that the required level of CO_2 abatement needed to meet Australia's 5 per cent CO_2 emissions reduction target can be achieved through direct action supported by the Emissions Reduction Fund.

It is important to note that these estimates cover only the activities described. The Emissions Reduction Fund will support additional or alternative direct action that meet Fund criteria.

Any actions supported by the Fund will need to meet the criteria outlined on page 13, namely deliver emissions reductions and additional practical environmental benefits, not result in price increases to consumers, protect Australian jobs, and be activity that would not proceed without Fund assistance.

	Potential Available Additional Annual CO_2 Reduction by 2020		Indicative CO_2 Reduction to be delivered through Fund in 2020	Indicative CO_2 Price Per tonne
	Min	Max		
Soil Carbons	150mt	355mt+	85	$8 - $10
Electricity Generators & Industry	10mt	30mt	55	$25 - $35
Forestry Measures	15mt			$15
Waste Coal Mine Gas	4mt	8mt		$10 - $20
Transport	3mt			$40
Green Buildings/ Energy Efficiency	20mt	30mt		$10 - $15
Landfills/Compost/Recycling	6mt	9mt		$10 - $15
TOTAL	**208**	**450**	**140**	

Boosting Renewable Energy and Delivering a New Solar Sunrise for Australia

Solar power is a natural fit with the Australian climate. In a country like ours it makes sense to harness the power of the sun for energy use.

Ongoing developments in solar power technology provide enormous opportunities for Australian households and families to take direct action to reduce energy consumption and household emissions, while at the same time delivering real savings for family budgets.

As part of our climate change strategy the Coalition will introduce a range of measures to support the increased uptake and use of renewable energy in homes and communities.

CO_2 emissions saved through these measures will be in addition to the reductions delivered through the Emissions Reduction Fund.

Supporting Solar Energy in Homes

According to the ABS there were approximately 153,600 homes with solar power systems in March 2008.[50] In addition, the Commonwealth's 'Solar Homes and Communities' programme has resulted in the installation of more than 50,000 systems to October 2009, with 70,000 more installations to be completed under the programme.[51] Approximately 275,000 homes will have solar power systems installed or being installed by the end of 2012.

According to the ABS there were approximately 587,800 homes with solar hot water systems in March 2008.[52] Another 420,000 households are expected to access the Solar Hot Water Rebate Programme to install solar hot water systems by the time the programme finishes in June 2012.[53] This means approximately one million homes will have solar hot water heating systems installed or being installed by the end of 2012.

Based on these estimates, Australia will have approximately 1.3 million households either using or installing some form of solar energy in their homes by the end of 2012.

The Coalition supports this take-up of solar energy. It was the former Coalition Government that first introduced significant rebates for the installation of residential solar electric systems and replacement of energy-intensive electric hot water systems with solar systems in Australian homes. This policy vision laid the groundwork for a significant expansion of the solar industry in Australia.

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50 ABS, *Environmental Issues: Energy Use and Conservation*, Catalogue 4602.0.55.001, (March 2008), p.41.

51 www.environment.gov.au/systainability/renewable/pv

52 ABS, *Environmental Issues: Energy Use and Conservation*, Catalogue 4602.0.55.001, (March 2008), p.52.

53 Email correspondence with Department of Environment, Water, Heritage and the Arts, (28 September 2009).

One Million Roofs Solar Program

Borrowing a term previously used in California to promote solar energy use,[54] a Coalition Government will provide additional ongoing support for the use of solar energy by Australian families and households.

Our goal is for one million additional solar energy roofs on homes by 2020, including either solar power or solar water heating systems.

To achieve the goal of one million additional solar energy roofs by 2020, the Coalition will provide an extra $1000 rebate for either solar panels or solar hot water systems. The program would be capped at 100,000 rebates per year and would therefore be capped at a total cost of $100 million per year.

The rebate will be on top of existing incentives and will replace the current solar hot water incentive when it ends. It is intended that the rebate will remain in place until 2020.

Installing an entry level 1kw solar panel on the average household roof will reduce CO_2 emissions by about 1.8 tonnes per year. Similarly, replacing an old peak electric hot water system with a solar hot water system will reduce CO_2 emissions by up to 3 tonnes per year.

Depending on the proportion of rebates provided for solar heating and solar panel, this initiative will therefore provide an additional annual CO_2 emissions reduction of 2.4 to 3 million tonnes by 2020.

Given their solar energy classification, heat pumps will be eligible under the program.

In consultation with the renewable energy sector, we will also consider the inclusion of ceramic fuel cells and other new domestic technologies which may emerge.

Supporting Solar Towns and Schools

Recognising the potential for solar power generation at community level, a Coalition Government will also allocate $100 million to a Solar Towns and Solar Schools Initiative.

Solar Towns: A Coalition Government will hold competitive tenders commencing on 1 July 2011 for towns and non-capital cities to access direct solar energy for on site use and return to the grid.

Grants will be for a maximum of $2 million each and will be allocated on the basis of greatest savings of CO_2 per dollar of funding. The program will run for 4 years and support a minimum of 25 'Solar Town' projects.

This initiative will be of potential benefit to regional and remote communities disadvantaged by Labor's scrapping of the Remote Renewable Power Generation Programme (RRPGP).

Solar Schools: In addition to the existing (but suspended) Solar Schools program, a Coalition Government will hold competitive tenders commencing on 1 July 2011 for Flagship Solar Schools across the country to access major solar energy projects for on site use and return to the grid.

Grants will be for a maximum of $500,000 each and will be allocated on the basis of greatest savings of CO_2 per dollar of Government funding. The program will run for 4 years and support a minimum of 100 Solar Schools projects.

[54] 'Million Solar Roofs' Bill, California State Legislature, (2006).

Geothermal and Tidal Towns

A Coalition Government will allocate $50 million to a Geothermal and Tidal Towns Initiative to support the development of additional renewable energy opportunities at community level.

A Coalition Government will hold competitive tenders commencing on 1 July 2011 for towns and non-capital cities to submit proposals for projects that access direct geothermal or tidal energy for on site use and potential return to the grid.

Funding will be provided to support the establishment of micro, pilot and demonstration projects with the potential to provide renewable power to local communities.

Grants will be for a maximum of $2 million each and will be allocated on the basis of greatest savings of CO_2 per dollar of Government funding.

The program will run for four years and support a minimum of 25 Geothermal and Tidal town projects.

High Voltage Direct Current Transmission: Cleaning up our Cities and Supporting Remote Renewable Energy

Most of Australia's electricity is distributed from power generators along overhead, alternative current systems. This is relatively inefficient as there is substantial loss of electricity during distribution. Overhead cables are also unsightly and a common cause of community concern.

High voltage, direct current electricity distribution that is located underground could reduce carbon emissions by increasing the efficiency in electricity distribution. This has the potential to fast-track the development of large, commercial solar plants to be developed in the nation's interior where sunlight is more constant.

A Coalition Government will commit $2 million for a major study into the use and application of High Voltage Direct Current (HVDC) transmission within Australia, funded from our Solar Towns and Schools initiative.

The study will examine the costs and benefits of National HVDC network, particularly the CO_2 savings and energy generation savings on a cost per tonne of CO_2 basis.

The study would examine the potential land recovery from conversion of the corridors for overhead powerlines through the use of underground major transmission lines to urban parklands and inner urban housing. In particular there is enormous potential for self funding arrangements through land recovery and reafforestation of rural and regional areas.

Renewable Energy Target: Support for Emerging Technologies

Labor's mismanagement of the Renewable Energy Target (RET) is jeopardising substantial new investment in renewable energy projects and jobs.

Renewable Energy Certificates issued through the RET scheme are meant to provide an incentive for major investment in renewable energy, but Labor's mismanagement has distorted the market, leading to a collapse in the price of these certificates that has undermined the potential for new medium and large scale renewable energy projects.

This collapse in certificate prices has been caused largely by Labor's inability to manage the RET in a way that appropriately balances the need to provide incentives for household solar and renewable energy use and larger scale projects that can deliver much more significant renewable energy benefits.

Labor has refused to act in response to this problem, instead referring the issue to a COAG review.

Boosting Larger Scale renewable Energy Projects

A Coalition Government will create a band within the Renewable Energy Target to be reserved for larger renewable energy projects (over 50 megawatt) or for emerging technologies such as solar fields, geothermal projects or tidal and wave projects over 10 megawatt.

The band to be reserved for these projects will be for up to 6000 gigawatt hours by 2020 and details will be determined with the Clean Energy Council and other representatives from the renewables sector.

This will help provide a more appropriate balance with the RET scheme, addressing the uncertainty and providing a boost for larger renewable energy projects and for emerging technologies.

Harnessing the Potential of Algal Synthesis and Biofuels

Algae can be used for capturing CO_2 emissions and as an alternative fuel source for electricity generation. There is potential for algae to be produced cheaply and to be widely employed as a carbon capture source.

For example, in a submission to Senate Committee, MDB Energy indicated that its algal synthesis process can lead to one-third of carbon emissions received from an emitter being converted into algae oil and the remaining two-thirds into algae meal for livestock.

Algal synthesis thus has widespread potential to create jobs and valuable supply-chain commodities.

The potential for algal synthesis has also been touted by the Queensland Premier, who has stated that the trials conducted by MDB Energy Limited and James Cook University show that Australia and the world may be about to turn an important corner on being able to set and attain significant CO_2 emissions reduction targets.

To maximise opportunities for harnessing the benefits of algal Synthesis, a Coalition Government will conduct a 1 year testing process to ensure that algal energy and biofuels are both effective in reduction of quantifiable levels of CO_2 and that they will not distort the Australian food chain and food production processes.

The Coalition will allocate $5 million to this analysis subject to matching funding from within the Algal Energy and biofuels sector.

Saving the 'Greenhouse Friendly' Programme

The 'Greenhouse Friendly' programme was launched in 2001 and forms part of the Greenhouse Challenge Plus Programme. Through 'Greenhouse Friendly,' Australian businesses could credibly market greenhouse-neutral products or services, deliver greenhouse gas abatement and give Australian consumers greater environmentally credible purchasing choice.

Labor's decision to abolish the 'Greenhouse Friendly' programme has created uncertainty and disruption in the voluntary action market. In particular it has seriously hampered the opportunity for families and households to safely take direct action to reduce CO_2 emissions.

A Coalition Government will provide $10 million to retain the 'Greenhouse Friendly' programme for a period of five years at a cost of $2 million per year. The potential extension of the programme beyond this period will be reviewed after three years.

Green Corridors and Urban Forests

A Coalition Government will commit to the planting of an additional 20 million trees by 2020.

These trees will be for re-establishing urban forests and urban green corridors, using suitable public spaces in urban and regional corridors to be determined in consultation with local authorities and communities, and in accordance with principles of public safety, including fire and road safety provisions.

Groups such as Greening Australia and the Nursery and Garden Industry of Australia have strongly endorsed the local environmental benefits of re-establishing urban forests and urban green corridors.

We will consult with these and other groups to determine the most appropriate way to deliver this commitment.

Based on industry estimates, the planting of 20 million trees will require approximately 200 to 400 square kilometres of land area depending on the intensity, and can be delivered at a cost of around $5 per tree.[55] While this program will include large scale plantings in regional areas it will also include urban street planting and highways.

A Coalition Government will conduct an immediate audit of suitable available public space as a first step towards delivering this initiative.

This initiative will complement the Green Army announced by the Opposition Leader Tony Abbott on 14 January 2010, with tree-planting to be potentially conducted by the Green Army in cooperation with other local conservation, environmental, and community organisations.

Further details on the Green Army initiative will be released prior to the next election, following a consultation process with conservation and environmental groups.

[55] http://www.aabr.org.au/index.php?option=com_content&task=view&id=35&Itemid=70.

See also: http://www.greenfleet.com.au/Global/Researchers/Technical_information/index.aspx

Public Consultation – Roadmap to a Green Energy Future

The Coalition is committed to engaging with the Australian community.

We strongly believe that all Australians should be provided with the opportunity to provide feedback on our incentive based approach to climate change.

Public Forums

We will be conducting a series of public forums to allow the Coalition to outline its policy. We think there needs to be more debate about these issues and will seek to facilitate this. We will be talking to prominent figures in the field and will invite them to participate.

To facilitate community consultation, we will conduct a series of public and industry forums in each state and territory of Australia. These sessions will be open to the public and will be attended by members of the Shadow Cabinet, local MPs and other representatives.

We also invite written submissions from individuals, organisations and industry on our incentive based approach to climate change and broader vision for the future of Australia's environment.

We think there needs to be more debate about this issue and we will seek to facilitate this debate through our public forums.

Costings and Funding

	2011-12 $M	2012-13 $M	2013-14 $M	2014-15 $M	Total $M
Emissions Reduction Fund	300	500	750	1000	**2550**
One Million Solar Roofs	100	100	100	100	**400**
Clean Energy Employment Hubs	15	15	15	15	**60**
Solar Towns and Solar Schools	25	25	25	25	**100**
Geothermal and tidal Towns	10	15	15	10	**50**
Renewable Fuels	5				**5**
Greenhouse Friendly Programme	2	2	2	2	**8**
Urban Forests and Green Corridors	5	10	15	20	**50**
TOTAL	**462**	**667**	**922**	**1172**	**3223**

Our policy will cost $3.2 billion over 4 years, while the ETS costs $40.6 billion over the first four years.

Funding for these initiatives will be provided through normal budget processes as part of the Coalition's fiscal strategy.

The Coalition will release details of its overall fiscal strategy based on the budgetary updates to be provided by Treasury prior to the election.