

LIST OF RECOMMENDATIONS AND CONCLUSIONS

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Chapter 2		
Australia is vulnerable to climate change and will face increasingly severe impacts under higher levels of warming. It is in Australia's national interest to contribute to the global goal of limiting warming to below 2 degrees.	C.1	42
Chapter 3		
Limiting global emissions to keep warming to below 2 degrees is still feasible, but only with immediate and strong international action—especially by the major emitting economies.	C.2	46
A global emissions budget that provides at least a likely (67 per cent probability) chance of limiting warming to less than 2 degrees above pre-industrial levels is used as a reference for the Review. This equates to a global budget of no more than 1,700 Gt CO ₂ -e emissions of Kyoto gases from 2000 to 2050.	C.3	51
Chapter 4		
There is a significant trend to increased global action to reduce greenhouse gas emissions. All the major emitting economies, including China and the United States, have 2020 emissions reduction goals backed by domestic policies and measures. This trend will need to continue and accelerate if the world is to keep warming below 2 degrees.	C.4	74
The Authority's analysis of the government's target conditions show that the conditions for moving beyond 5 per cent have been met. Whether the conditions for 15 per cent have been met is unclear—some elements have been met; others are marginal. The conditions for a 25 per cent target have not been met at this time. While the Authority has taken these conditions into account, it is also required to examine a broader range of considerations.	C.5	74
Considering a range of measures, an Australian 5 per cent target lags behind the targets of key countries considered in this Review. A stronger 2020 target of 15 per cent plus carryover is broadly comparable with other countries' targets, including that of the United States. This is especially the case given Australia's high level of development, relative wealth and governance capacity.	C.6	74
Chapter 5		
Australian governments at all levels have implemented a wide range of policies to reduce emissions over the last two decades, and there has been considerable change in the suite of policies over time.	C.7	83
Chapter 6		
Australia has made progress towards decarbonising its economy—the emissions intensity of the economy (emissions per unit of GDP) has fallen by about 50 per cent since 1990.	C.8	97
The falling emissions intensity is in part due to the changing composition of the economy, away from emissions-intensive manufacturing. Policy has also played an important role, particularly in the land and electricity sectors.	C.9	97

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Chapter 7		
A coordinated set of emissions reduction goals for the short, medium and long term would provide a more predictable environment for businesses and others to act. An appropriate set of goals for Australia comprises:	C.10	104
<ul style="list-style-type: none"> • A short-term target for 2020, and an emissions budget and trajectory to 2020 providing a clear course for short-term action. • A trajectory range to 2030 and a national emissions budget to 2050, providing guidance for longer term planning, subject to periodic review to respond to new information and changing circumstances. 		
The trajectory range and the national budget to 2050 be reviewed at least every five years. There could be additional reviews to take account of major developments; for example, in 2016 to take account of international developments on the post-2020 framework. As part of these reviews, the trajectory range would be extended to maintain a similar period of guidance over time, and short-term targets and trajectories would be set within the existing range.	R.1	106
The periodic reviews of the trajectory range and the national budget to 2050 have particular regard to the following general criteria—changes in or new information about climate science, the level and pace of international action, and economic factors.	R.2	106
The government recognise voluntary action by cancelling one Kyoto Protocol unit for each tonne of emissions reductions achieved in the period 2013–2020 through:	R.3	109
<ul style="list-style-type: none"> • the voluntary cancellation of domestic units, • the voluntary cancellation of renewable energy certificates, and • GreenPower purchases. 		
The best use of Australia's carryover from the first Kyoto Protocol commitment period is to strengthen the 2020 emissions reduction target.	C.11	111
Chapter 8		
A national carbon budget for the period 2013–2050 of 10.1 Gt CO ₂ -e.	R.4	117
Chapter 9		
A minimum 2020 emissions reduction target of 15 per cent below 2000 levels.	R.5	124
Australia's carryover from the first commitment period of the Kyoto Protocol be used to raise the 2020 emissions reduction target by 4 percentage points, giving a 2020 target of 19 per cent.	R.6	124
An indicative national trajectory for the period 2013–2020 that follows a straight line to the 2020 target. This line starts at Australia's first commitment period target under the Kyoto Protocol (108 per cent of 1990 levels) in 2010, and ends at 19 per cent below 2000 levels in 2020.	R.7	124
A national carbon budget for the period 2013–2020 of 4,193 Mt CO ₂ -e.	R.8	124
Beyond 2020, Australia continue to reduce emissions within a trajectory range bounded by the paths to 40 and 60 per cent below 2000 levels in 2030.	R.9	126
Chapter 10		
Australia's emissions reduction task for 2013 to 2020 is projected to be 593 Mt for the minimum 5 per cent target. This is substantial but achievable, and smaller than the 754 Mt task previously projected. If Australia reduced emissions by 754 Mt over the period to 2020, it would now reach an 11 per cent target.	C.12	133
Stronger targets can be achieved with relatively small impacts on national income and economic growth, depending on policy design. Under the current legislation, moving from a 5 per cent to a 19 per cent target (15 per cent plus carryover) is projected to slow annual growth in GNI per person to 2020 from 0.80 per cent to 0.78 per cent.	C.13	137
Using some international emissions reductions to meet Australia's emissions reduction goals reduces costs to the economy, businesses and households. Using a mix of domestic and international emissions reductions to meet the minimum 5 per cent target could halve the impact on GDP compared to only using domestic emissions reductions.	C.14	142

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The costs of reducing emissions and how those costs are distributed through the economy are determined more by policy choice than the particular emissions reduction target. Careful policy design can help businesses and households respond to the challenges of moving to a low-emissions future.	C.15	144
Chapter 11		
The government investigate the near-term introduction of fleet-average CO ₂ emissions standards for light vehicles in Australia as a way to secure significant, cost-effective emissions reductions and related co-benefits.	R.10	166
The rate of reduction in emissions intensity since 1990 is not sufficient to drive absolute reductions in Australia's emissions in the period to 2030.	C.16	176
Without a price incentive or additional policies, economy-wide emissions are projected to rise to 17 per cent above 2000 levels in 2020 and 37 per cent in 2030.	C.17	176
Australia has extensive opportunities to reduce emissions at relatively low costs, but it will take time to replace the stock of buildings, vehicles, equipment and plant. To achieve Australia's emissions reduction goals and avoid locking in future emissions growth, stable, cost-effective and complementary policies need to be in place this decade.	C.18	176
Electricity sector emissions are projected to grow strongly without a price incentive or other policy mechanism. With price incentives, the sector could be the single largest source of domestic emissions reductions.	C.19	176
Without a price incentive, rapid growth in demand for road transport and domestic air travel is projected to drive increasing transport emissions. Appropriate policies could deliver significant transport emissions reductions.	C.20	176
Chapter 12		
The government use international emissions reductions to bridge any gap between domestic reductions achieved under the Direct Action Plan and the recommended 2020 goals.	R.11	186
The government establish a fund to purchase Clean Development Mechanism units to complement the Direct Action Plan and help meet the recommended 2020 goals.	R.12	186
Chapter 13		
Carbon pollution caps for each of the first five years of the flexible-price period under the carbon pricing mechanism of:	R.13	199
Year	Cap (Mt CO ₂ -e)	
2015-16	234	
2016-17	228	
2017-18	222	
2018-19	215	
2019-20	209	