



PRIME MINISTER TREASURER MINISTER FOR CLIMATE CHANGE AND WATER

NEW MEASURES FOR THE CARBON POLLUTION REDUCTION SCHEME

The Carbon Pollution Reduction Scheme will be phased in from 1 July 2011 and a new, ambitious 25 per cent by 2020 target has been put on the table, as part of a package of new measures announced today by the Rudd Government.

The package includes:

1. A **delay in the start date** of the Carbon Pollution Reduction Scheme of one year, to manage the impacts of the global recession.

To further assist businesses during these difficult economic times:

- i. A **one year fixed price period** will be introduced. Permits will cost \$10 per tonne of carbon in 2011-12, with the transition to full market trading from 1 July 2012.
- ii. A new **Global Recession Buffer** will be provided as part of the assistance package for emissions intensive trade exposed industries.

Industries eligible for 60 per cent assistance will receive a 10 per cent buffer, while industries eligible for 90 per cent assistance will receive a 5 per cent buffer.

- iii. Eligible businesses will receive **funding to undertake energy efficiency measures** from 1 July 2009.

2. A commitment to **reduce carbon pollution by 25 per cent of 2000 levels by 2020** if the world agrees to an ambitious global deal to stabilise levels of CO₂ equivalent in the atmosphere at 450 parts per million or less by 2050.

If the world achieves this ambitious agreement, Australia will meet this 25 per cent target by harnessing the CPRS, the expanded Renewable Energy Target, and with substantial investment in clean, renewable energy and energy efficiency and strategic investment in carbon capture and storage.

Up to five percentage points of the 25 per cent target could be achieved through Government purchase of international credits, such as avoided deforestation credits, using CPRS revenue no earlier than 2015.

Should the world achieve this ambitious agreement, the Government would seek a new election mandate for increased 2050 targets.

3. The establishment of **Australian Carbon Trust** to allow households to do their bit by investing directly in reducing Australia's emissions and to drive energy efficiency in buildings.

In developing this package, the Government has embraced the views of the Australian community.

We have listened to calls from the business community for a later, more gradual start to the Carbon Pollution Reduction Scheme and additional assistance to help manage the impacts of the global recession.

This new commitment follows extensive consultation with environment advocates on the best way to maximise Australia's contribution to an ambitious outcome in international negotiations at Copenhagen this December.

We have listened to Australian households who have raised concerns that their individual efforts to reduce emissions had not been adequately taken into account under the CPRS.

Together this package of measures strengthens our response to climate change, ensuring Australia plays its part in global efforts to tackle climate change while managing any impacts on our economy.

We will also continue to work with interested groups on an ongoing basis to deal with other technical matters as they arise.

The Carbon Pollution Reduction Scheme legislation will be introduced when Parliament resumes.

Passage of the Carbon Pollution Reduction Scheme legislation this year – including these new measures announced today - is squarely in Australia's national interest.

It delivers the investment certainty business needs during these difficult economic times.

And it enables us to advocate for the global agreement we need to protect future generations of Australians from the most damaging impacts of climate change.

CANBERRA
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