



Reward for Early Action

Julia Gillard and Labor
Let's move Australia forward



REWARD FOR EARLY ACTION

A Gillard Labor Government will provide a strong incentive to business to start reducing pollution immediately, ahead of the introduction of a future market to limit pollution.

To give industry certainty about future investment, the Government will ensure that the emission baselines for industry assistance will not be increased – they will be as determined under the Carbon Pollution Reduction Scheme (CPRS).

How does this measure encourage early action?

Allocations of permits to companies for emissions-intensive activities are based on historic estimates of emissions intensity and will continue to be provided on this basis.

Improvements in emissions intensity undertaken by individual businesses from these historical baselines will not reduce the permit allocations these businesses will receive under a future market to limit pollution.

Retaining these baselines will ensure any efforts undertaken by a business now to cut pollution will be rewarded, because it will mean they will be required to purchase fewer permits in a future market to limit pollution.

It will encourage action early rather than causing businesses to delay action until a market mechanism is introduced.

It will make businesses think twice before adding to their pollution levels ahead of a future market – because if they pollute more, they may have to make even greater emissions reductions down the track.

What is a baseline?

Under the CPRS model, it was proposed that assistance would be given to companies through permits calculated on the basis of particular activities.

The baseline for an activity would be calculated based on the industry average ratio of emissions to production for all entities conducting that activity during 2006-7 and 2007-8.

The number of permits to be allocated to a particular company for an activity would depend on this 'baseline', the level of production at that company and the rate of assistance that is applying to that activity in that year.

This commitment implies that allocative baselines under a future emissions trading scheme would continue to be based on historical emissions data from the 2006/07 and 2007/08 years.

This means that allocative baselines that have been determined and included in regulations under the Renewable Energy Target will be the allocative baselines that apply under a future market to limit pollution.

What does this mean for large emitters?

This commitment provides certainty to businesses and implies that any emissions reductions they undertake between now and a future market to limit pollution will not reduce the permit allocations they will receive.

Large emitters will be able to identify significant abatement opportunities and act on these opportunities prior to a future market for pollution.

Acting on these opportunities will put these emitters at an advantage to their competitors who do not take action.

THE COALITION'S RECORD

Tony Abbott broke the bipartisan consensus for action on climate change the night he became Liberal Party Leader, and reneged on the Liberal Party's deal to support emissions trading.

✘ **Instead Tony Abbott is advocating a 'direct action' policy, under which emissions will actually increase.** Estimates from the Department of Climate

Change and Energy Efficiency show that under Mr Abbott's policy, emissions would increase by 13 per cent from 2000 levels.

- ✘ **Renewable energy went backwards under the former Coalition Government.** They let renewable energy drop backwards from 10.5 per cent of our national electricity supply in 1997 to only 9.5 per cent a decade later.
- ✘ **Under the former Coalition Government, Australia was part of the problem on climate change, not part of the solution.**
- ✘ **If he is elected Prime Minister, Mr Abbott has already made clear he would cut funding for renewable energy.** The Coalition has promised to cut hundreds of millions of dollars of climate change funding. This includes funding for renewable energy and energy efficiency.

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