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**APPENDIX A: CLIMATE CHANGE DECLARATION**  
**COUNCIL FOR THE AUSTRALIAN FEDERATION DECLARATION ON CLIMATE CHANGE**

**COMMITMENT**

**Climate Change is upon us. Without enduring solutions, we put at risk the prosperity of current and future generations of Australians. The time has come for governments to work together and show bold leadership.**

**The Premiers and Chief Ministers of the Australian States and Territories call on the Commonwealth Government to join with them in endorsing the following declaration, which commits Australian Governments to tackling climate change, working with the private sector and the community, and taking prompt action to protect State and national interests.**

**PREAMBLE**

*State and Territory Governments are directly affected by the impacts of climate change and they have primary responsibility in a range of areas that directly relate to climate change policy including water, energy, transport, land-use planning, environmental protection and agriculture.*

*State and Territory Governments have already led the way in setting the national agenda; in particular through commitments to emissions reduction targets, the development of emissions trading and implementation of renewable energy schemes.*

*Whilst recognising that actions currently taken in Australia by governments, industry and the community are already resulting in emissions reduction, much more needs to be done.*

*In looking to the future of climate change policy in Australia, the Council for the Australian Federation,*

*Accepts the scientific evidence demonstrating that human activities are already having an impact on the global climate, and that to avoid dangerous climate change deep cuts in global greenhouse gas emissions will be required by mid-century;*

*Recognises that responding to climate change is one of the most significant economic issues facing Australia and the international community;*

*Recognises that the benefits of strong and prompt action to address climate change far outweigh the economic costs of not acting;*

*Recognises that there will be an increasing need for significant research and investment across a wide range of sectors;*

*Recognises that when making long-term investment decisions, the private sector requires greater certainty from governments with respect to climate change policy;*

*Recognises that it is in Australia's best interests to demonstrate global leadership by being at the forefront of emerging market opportunities;*

*Affirms the constitutional roles and responsibilities of State and Territory governments in the development and delivery of climate change policy.*

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**On this basis, the Premiers and Chief Ministers of the States and Territories declare their commitment to tackling climate change as one of the pre-eminent challenges confronting the Australian Federation.**

**Commonwealth participation in a national emissions trading scheme is essential. However, if the Commonwealth Government refuses to commit to introduce emissions trading by the end of 2010, States and Territories will do so.**

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## **PRINCIPLES FOR A PROSPEROUS ECONOMY UNDER CLIMATE CHANGE**

*The Council for the Australian Federation adopts the following Principles as the basis for addressing climate change:*

### **1. Governments must work together to deliver a national response to the widespread economic challenge of climate change**

Climate change represents the 'greatest and widest ranging market failure ever seen'<sup>1</sup> and therefore necessitates government intervention. While the challenges presented by climate change are great, they are not insurmountable if governments work together. It is the responsibility of all Australian governments to work collaboratively across their respective jurisdictions.

A national approach to coordinating policy settings with the cooperation of the Commonwealth is desirable to achieve stable and effective outcomes. State and Territory governments will continue to collaborate on national policies, most notably, the development of a framework for a national emissions trading scheme, and seek a genuine partnership with the Commonwealth Government in developing and implementing such policies.

### **2. Prompt action is essential if we are to reduce the long term impacts of climate change and insure against costly and significant disruptions to our economies**

It is now clear that in order to avoid dangerous climate change, deep cuts in global greenhouse gas emissions will be required. The longer we delay the necessary investment to achieve these reductions, the higher the transitional costs will be. Many other nations have already commenced the economic adjustment process. Australia must avoid the inefficiencies and costs associated with falling behind then having to 'catch up' to our international competition.

It is also critical to recognise those willing to take early action. Policy settings must provide adequate incentives for those who take early action.

### **3. Efficient, effective and enduring investment is the key and it is the responsibility of Governments to provide a conducive and certain policy environment**

Climate change will impact on the Australian economy by altering climatic conditions and water availability, as well as forcing constraints on carbon emissions. These impacts will be felt throughout the economy and will necessitate wide-scale investment.

While climate change is recognised by business leaders as being strategically important to their operations, investment decisions will be delayed in the face of policy uncertainty – particularly, uncertainty regarding future constraints on

greenhouse gas emissions. It is essential that governments take a holistic view of the impacts of climate change and the necessary economic adjustment process. Governments must work together to provide a clear, comprehensive and conducive policy framework. Government action must remain determined and be focused on long-term adjustment, providing investor confidence in long-policy settings.

#### **4. A national emissions trading scheme is an indispensable step in reducing Australia's greenhouse gas emissions**

A constraint on emissions and a price on carbon is a vital step in reducing Australia's national emissions profile. Early action that sees the introduction of a carbon price is gaining support nationally and internationally from the business community. Alongside an enhanced focus on innovation and adaptation, an

<sup>1</sup> Stern Review: The economics of climate change  
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Emissions Trading Scheme is fundamental to driving investment in the technologies and skills necessary to meet this challenge. States and Territories have led the way in a comprehensive review of the potential design of such a scheme through the National Emissions Trading Taskforce (NETT). The Commonwealth Government's involvement in such a scheme is ideal, particularly as it would broaden the scope of policy options available. However, Australia's exposure is such that the Federal Government must now either commit to supporting the States and Territories in developing a timetable for the introduction of such a scheme, or commit to not hindering such efforts.

A national emissions trading scheme must be capable of being linked to and eventually interoperable with those developed elsewhere. Having an established and operating scheme will allow Australia to influence the design of future international linkages.

#### **5. A national emissions trading scheme must be designed to stimulate investment in new low emissions technologies while at the same time protecting Australia's energy-intensive export industries.**

State and Territory Governments have been working together through the National Emissions Trading Taskforce on the design principles for such a scheme in Australia.

Governments agree that of very significant priority is the need to stimulate research and investment in new, clean-coal technologies that maximise the economic benefits from Australia's plentiful coal reserves.

It will also be essential that, in designing a national emissions trading scheme, measures will need to be adopted to protect Australia's energy-intensive export industries from the impacts of the scheme, thereby neutralising the effects of the scheme on the international competitiveness of these industries.

#### **6. Australia must maintain its competitive advantage while the global community transitions to a low carbon future**

Australia has benefited greatly from its resources sector. These industries have been the source of a great proportion of the national export income underwriting our trade

balance, as well as the source of direct and indirect employment in regional areas of all States and Territories.

New policies must be flexible enough to continue to capitalise on Australia's competitive advantages while ensuring domestic actions are consistent with a low carbon future. Australia must actively pursue investment in low-carbon technologies and processes (particularly clean coal), ensuring the long term sustainability of the sectors that have been so vital to our economic prosperity. Australian governments must adopt policies that maintain the competitive advantages our resources sector and other energy-intensive export industries.

**7. Adapting to unavoidable climate change will require governments, industry and the community to work together where a period of structural adjustment may be necessary**

As a result of historical emissions, some degree of climate change is now upon us and will increasingly be felt by a wide range of sectors throughout the economy and across supply chains. We must adapt to the climate change that is already 'locked in' while at the same time reducing future emissions.

Investment decisions will need to take into account not only the current observable impacts of climate change but also the trajectory of future impacts. Governments have a critical role in developing a shared understanding of these impacts. Further, the relationship between investment cycles and the impacts of

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climate change must be better understood and policies developed to encourage the necessary adjustment to maintain Australia's economic prosperity.

Clearly effective adjustment strategies will need to identify impacts on communities and the natural environment. Areas of agriculture, water and drought, infrastructure, coasts, human health and biodiversity are among those that demand a comprehensive and long-term adaptation response.

The Commonwealth has been working with the States and Territories to develop such a framework, but there is an urgent need for better and shared understanding of specific sectoral and regional impacts in the Australian context.

**8. Governments need to create an investment environment that promotes new economic opportunities, including emergent industries, technologies and markets**

Making the transition to a low-carbon economy and adapting to the impacts of climate change will generate numerous market opportunities for innovative products and services. These opportunities will vary from State to State and from region to region. Areas of economic development will include new public and private infrastructure; industrial processes and methods; agricultural and land management practices; power generation; carbon capture and storage (particularly geosequestration); energy efficiency; transport technologies; and building practices and urban development. To promote these opportunities successfully, governments need to create an investment environment that encourages innovation through research and development and the deployment of new technologies and skills.

**9. Governments must establish accreditation, assessment and reporting tools as the basic building blocks of climate change policy**

While governments will continue to pursue a range of policy initiatives addressing the market failure of climate change, there are essential foundational elements that are required across many of these policies. These fundamental policy settings will act as building blocks for wider structural reform, including policies that ensure consistent and transparent frameworks for accreditation, accounting and reporting.

Where policies have impacts beyond jurisdictional boundaries, States and Territories will endeavour to ensure they are flexible and complementary.

**10. International linkages are essential in pursuing ambitious, internationally complementary and best-practice climate change policies**

While all nations must share responsibility for tackling climate change, no jurisdiction has a monopoly over the preferred policy response. A collaborative approach to addressing climate change is essential for ensuring harmonised and complementary policies as well as identifying best practice actions. State and Territory governments will engage in sub-national dialogues to access and share innovative policy ideas and identify successful strategies implemented in other jurisdictions.

**11. Decisions on adaptation and mitigation must be informed by the highest quality research** in a form capable of being used by decision-makers in industry and the community.

Decision-makers in industry, the community and government need to make informed choices to support climate change adaptation and mitigation. Research commissioned by the Council of Australian Government has indicated that there is a significant gap in relevant research in a form capable of being used by decision-makers.

More detailed information is needed on the regional and sector-specific impacts of climate change. Research must be enhanced on the impacts of climate change on coastal regions, water resources, biodiversity, agriculture, fisheries, health, buildings, cities and industries. Governments will need to collaborate with industry and the community in establishing and funding research institutions that accelerate the current level of research in areas relevant to decision-makers.