

**Budget 2020 analysis*

Practical measures for Australia's carbon pricing and market, but no timely climate plan for net-zero emissions

The Federal Budget largely implemented measures announced last month that were welcomed by the Carbon Market Institute (CMI), but there is no climate plan for net-zero emissions by 2050.

“The Government acknowledged that Australia has a vibrant carbon market and we welcome practical reforms to enhance this largely taxpayer driven carbon pricing scheme, as Tony Abbott’s 2014 \$2.55 billion Emission Reduction Fund (ERF) is set to be expended next year,” said John Connor, CMI CEO.

“CMI welcomes the expanded commitment to ARENA and CEFC to support investment in very low, zero and negative emission technology, and will work with the Government as it invests \$40.4 million in streamlining and co-designing new ERF methods as well as implementing other recommendations from the King Review.

“The Budget provides new information on an expanded commitment to the Emissions Reduction Assurance Committee, this will assist with the backlog of work and speed up its crucial integrity efforts.

“We support the use of \$95 million of the 15 year \$2 billion Climate Solutions Fund (CSF) and related initiatives to better leverage the CSF as recommended by the King Review. It appears \$86.3 million of this will be invested over the next four years.”

“This is a missed opportunity, however, to accelerate investment of the untouched CSF, or to boost carbon markets to support the urgent and timely transition needed towards net-zero emissions by 2050.”

While there are good near-term reforms to Australia’s mostly voluntary carbon market where the most recent ERF Auction saw an average carbon price of \$15.74, there remains medium and long term uncertainty in the reliance on public taxpayer funds at a time of huge public deficits.

“Australia needs to align compliance and voluntary markets to the task of transitioning to an economy with net-zero emissions by 2050. Major trading partners are implementing similar targets, the threat of border tariff adjustments loom larger for our carbon intensive economy.”

“CMI acknowledges the instant asset write-off scheme and skills and work force measures that can assist the transition. CMI welcomes the \$4.2 million over 4 years for an “international partnership for blue carbon and the Asia -Pacific rainforest summit” but calls for this to be integrated in a more climate focused ‘Pacific step up’.

“We can do more to assist our neighbours in the Asia-Pacific to ready themselves for the opportunities of international markets under the Paris Agreement. Australia should be investing further in pilot schemes that can lead to more public and private investment in protecting and enhancing mangroves, seagrasses and rainforests with carbon as well as local social, economic and environmental co-benefits.

“Pacific countries would also welcome a more timely and urgent climate plan especially since China will be more emboldened in the region with its recent commitment to carbon neutrality by 2060 and stronger actions by 2030.

“The initiatives and funding announced are important and can enhance Australia’s ability to emerge from the COVID recession with a more resilient and cleaner economy but need to be matched with greater urgency and a more timely climate plan for net-zero emissions by 2050.

In coming months the Government will be finalising a Long Term Emissions Strategy promised before the election and to Pacific neighbours, this will be a crucial focal point while we work constructively on this Budget’s practical near-term reforms,” concluded Mr Connor.

The [Carbon Market Institute](https://www.carbonmarketinstitute.org) is the independent industry association for business leading the transition to a net-zero emissions, with more than 85 corporate members. To interview CMI CEO John Connor call 0413 968 475 or Communications Manager Clare Price 0490 252 743 clare.price@carbonmarketinstitute.org