Introduction

The 2022 election campaign and outcome were remarkable on at least two fronts. We now have a Parliament even more supportive of climate action than what was labelled Australia's first 'climate change election' back in 2007. Then the ALP and Greens were two Senate votes short of a majority when the Coalition, initially supportive, regressed to culture war opportunism for which they are now reckoning.

In addition, we saw carbon tax scare campaigns de-fanged, as well as greater discussion and understanding of Coalition government climate policy – including recognition that the Coalition continued to develop Australia's carbon markets over its three terms in government.

Labor is returning to government as Australia approaches the 10-year anniversary of the first national carbon market, established under its last administration. Implemented in 2012, Prime Minister Gillard's Carbon Pricing Mechanism (CPM) functioned for two years, successfully reducing emissions while the economy grew.

Despite its repeal in 2014, the CPM's supporting institutions have endured and gained bipartisan support. Its replacement markets, driven by the Emissions Reduction Fund (ERF) and Safeguard Mechanism, are amenable to reform and feature in the incoming Labor Government's Powering Australia plan.

The challenge now is to build on these existing frameworks to create independent and investment-grade institutions, policies and markets. This can support an accelerating but inclusive enduring economic transition that embraces the urgency of international action, as well as the opportunities for Australia's cities, regions and Indo-Pacific neighbourhood.

It is a task of land, climate and history repair rightly commenced with support for the Uluru Statement, but one which needs a whole-of-government, economy-wide approach.

It is a task with short and long-term significance. This Government will need to develop the 2035 Nationally Determined Contribution (NDC), which Australia must submit by 2025. This next target, shaped under a Labor government, will set the tone for successive five-yearly NDCs and the future trajectory and ambition of Australia's decarbonisation.

Recognising Labor is unlikely in the short term to increase its 2030 target of at least 43% emission reduction[1], the focus for all in this Parliament should be on "meeting and beating" it to achieve at least 50% reductions in this decade. This can be done with appropriate policy frameworks encouraging voluntary as well as compliance investments from business, governments and the community. From there, Australia's emissions decline should accelerate in an inclusive transition that capitalises on our many technological, natural and even geological assets, and achieve not just net-zero, but net-negative emissions by 2050.

This will require a renewed approach to urgency, integrity and ambition, through action in five key areas:

1. Invigorating global and regional effort on climate action and carbon markets;
2. Strengthening the Safeguard Mechanism and other policies to ensure multi-sectoral decarbonisation;
3. Enhancing integrity, transparency and independent institutions;
4. Building trust and participation in land-based climate and biodiversity solutions;
5. Revitalising whole of government and Commonwealth/state relations.

[1] Labor has committed to 2030 target of 43% reduction in emissions, based on 2005 levels, compared to the 26-28% reduction targeted by the outgoing Coalition Government.

1. Invigorating global and regional effort on climate action and carbon markets

As well as the commitment to its stronger 2030 target, the new Government must now engage in key global and regional forums including the "intersessional" United Nations Framework Convention on Climate Change (UNFCCC) meeting in Bonn next month and a Pacific Island Forum meeting in July ahead of the next 27th Conference of the Parties (COP27) in Egypt in November.

Australia's stronger reduction target will be largely welcomed ahead of next year's UNFCCC global stocktake on collective effort to achieve the UNFCCC Paris Agreement's goals of limiting global warning to well below 2°C and to pursue efforts to limit it to 1.5°C – the latter target championed by the Pacific. That stocktake will be challenging as it is clear the collective effort is falling short and independent analysis of Labor's new target shows, should other nations follow a similar path, is consistent with 2°C warming.[2]

However special attention is turning this year to the issue of "climate finance, "the collective public and private finance from developed nations invested in developing nations exposed to climate impacts. Decisions at COP26 last year by Australia and others committed developed nations to increasing that from $100 billion per year, seeking to balance adaptation and mitigation investments as well as to finally consider "loss and damage" payments for lost livelihoods and assets unable to be recompensed by adaptation finance.

Often overlooked is the fact that China, through the G77 and China negotiating bloc, has often supported developing countries including Pacific nations in their UNFCCC efforts, including to increase climate finance. This is often in tension with European Union and Umbrella" negotiating blocs of developed countries. Australia, chairs the Umbrella group which includes the USA, Canada, Japan, NZ and others (historically the Russian Federation and Ukraine).[3]

In addition to its campaigning to host a COP in 2024, Australia's climate step up needs to:

a) increase public "climate finance" investments and leverage further private investments to support developing and vulnerable nations adapt and respond to climate loss and damage, including regional market support and re-engagement with multilateral funding agencies like the Green Climate Fund;
b) take a leading role in the development of high integrity global carbon market supervisory agencies and rules being established after COP26 agreements under Article 6 of the Paris Agreement;
c) deepen the Indo-Pacific Carbon Offsets Scheme (IPCOS) initiated by the previous Coalition Government and support countries in our region to develop high integrity, locally driven carbon crediting arrangements. These must facilitate international trade of mitigation outcomes (with appropriate corresponding adjustments, in accordance with Article 6 rules), while ensuring lasting host country social, economic and environmental benefits;
d) work to enable the international trade of Australian Carbon Credit Units (ACCUs) into international carbon markets, and;
e) foster supply-side carbon market integrity by supporting to development of corporate investment best-practice codes for Australian voluntary international offset purchases which are not directly assisting NDCs.

[2] https://climateanalytics.org/media/auselection22_partyclimategoals_climateanalytics_1.pdf which notes "Under this level of warming, if sustained, the Great Barrier Reef would very likely be destroyed, along with all other tropical reefs in Australia and elsewhere. At the global level the most extreme heat events could be about three times more frequent than in recent decades, and in Australia the highest maximum temperatures about 1.7 ˚C hotter. In other words, an intense heat event that might have might have occurred once in a decade in recent decades could occur about every three years and would be significantly hotter."
[3] UNFCCC groupings https://unfccc.int/process-and-meetings/parties-non-party-stakeholders/parties/party-groupings

2. Strengthening the Safeguard Mechanism and other policies to ensure multi-sectoral decarbonisation

It is vital to continue the decarbonisation of electricity generation through reforms including grid investment, reformed national electricity rules and accelerated clean energy transition support. However, without appropriate policy reforms in other sectors, electricity is the only sector of the economy that will achieve significant emission reduction by 2030.

Strengthened policies and engagement will be necessary in all sectors, especially with industrial emissions predicted to overtake electricity sector emissions during this term of government. Long-term emissions from transport and agriculture are another area to be addressed. Labor's Powering Australia plan[4] outlines the new Government's intention to address industrial emissions by making changes to how the Safeguard Mechanism is administered.

How the mechanism has been used to date

Established by the Coalition Government in 2016, the Safeguard Mechanism extends to Australian facilities with annual scope 1 emissions over 100,000 tonnes of CO_2e. Excluding the electricity sector, which has significant headroom for emissions increases under its own sector-wide baseline, 212 large emitting facilities are covered by the Safeguard Mechanism. These facilities operate across a range of industry activities, including metals, mining, oil and gas extraction, manufacturing, transport and waste. Together, they are responsible for almost a third of Australia's emissions – 28% of national emissions in 2020-21, or 137 million tonnes of CO_2e – a share that will grow as the electricity sector continues to decarbonise with the accelerating uptake of renewable energy.

Since the scheme's commencement in July 2016, emissions covered by the Safeguard Mechanism have grown 7%. As of 2020-21, they were 17% above 2005 levels. Projected 2021 Commonwealth figures indicate that emissions from covered facilities will grow to about 150 million tonnes of CO_2e, or 27% above 2005 levels, by 2030.5

The Safeguard Mechanism 2.0

Powering Australia outlines how Labor will work within the existing Safeguard Mechanism architecture to strengthen compliance requirements by evolving the mechanism into a declining baseline and credit scheme. If done in a considered manner with proper consultation, this will provide the policy confidence required to guide and drive decarbonisation investments. Some 79% of business respondents to last year's CMI Climate Policy Survey[6] supported setting mandatory, declining baselines under the Safeguard, as do the Business Council of Australia and Australian Industry Group.

Labor plans to engage the Department of Industry, Science, Energy and Resources (DISER) and the Clean Energy Regulator (CER) to advise government on each facility's share of emissions reductions in the overall trajectory to net zero. This would be based on available and emerging technologies in each sector, to be supported by public investments from a new National Reconstruction Fund. The DISER and CER Review will also "consider the need for tailored treatment for emissions-intensive trade exposed industries…based on the

[4] ALP 2021, 'Powering Australia', , https://keystone-alp.s3-ap-southeast-2.amazonaws.com/prod/61a9693a3f3c53001f975017-PoweringAustralia.pdf, pp. 29-31.
[5]Reputex 2021, 'The economic impact of the ALP's Powering Australia Plan', https://keystone-alp.s3-ap-southeast-2.amazonaws.com/prod/61a966013f3c53001f975016-REPUTEX_The%20economic%20impact%20of%20the%20ALP's%20Powering%20Australia%20Plan_Summary%20Report.pdf, p. 21.
[6] Carbon Market Institute 2021, 'Australian Climate Policy Survey', https://carbonmarketinstitute.org/survey/.

principles of comparative impact”.[7] CMI is currently undertaking research on options for reform to inform participation in this review and will be engaging with its members, stakeholders and the government in this research.

In making these changes to the Safeguard Mechanism, the Labor government should broadly consult and consider aspects including:

a) Ensuring the trajectory of declining baselines for facilities under the amended Safeguard Mechanism is able to assist Australia achieving a minimum 50% reduction in economy-wide emissions by 2030 and accelerating decarbonisation thereafter;
b) Expanding coverage, either immediately or by a specified date in the near future, to facilities emitting over 25,000 tonnes of CO2e per year, the threshold under the former CPM;
c) Reviewing whether a new category of “Safeguard Credits” is needed, or whether ACCU methods could be developed to avoid market confusion; if Safeguard Credits are deemed necessary appropriate fungibility constraints with broader voluntary carbon markets must be considered so as not to cannibalise ACCU demand;
d) The risks of carbon leakage or unfair competitive constraints for trade-exposed facilities or sectors and appropriate policy responses – in light of global policy commitments such as carbon border adjustment mechanisms, available technologies, and the critical emissions pathways set out by the International Energy Agency (IEA);
e) Whether emission intensity or absolute emissions baselines should be utilised, and;
f) Tightening coverage rules for the electricity sector, considering the leniency of its sector-wide baseline under which headroom is increasing as more renewables come into the mix.

Supporting measures

In addition to Safeguard reforms, supporting policies and investments will also be required, noting some of these aspects are addressed in the Powering Australia plan, including:

- a revitalised National Energy Productivity Plan (NEPP);
- vehicle emission standards alongside clean vehicle subsidies;
- national electricity market reform, transmission grid investment and accelerated clean energy transition support, and;
- agricultural research, extension and support programs (see section 4 below).

CMI also advocates for a focus on investment in research, development and commercialisation of carbon removal technologies that drawdown greenhouse gas emissions from the atmosphere and sequester them in appropriate nature-based, industrial and geological solutions. This should be supported by phasing out fossil fuel subsidies. While CMI supports investments into emissions removal technologies, which the Intergovernmental Panel on Climate Change (IPCC) now finds will be required to limit global warming[8], these must not lead to perverse outcomes. Appropriate safeguards are required to prevent investment in zero and negative emissions technologies that leads to negative climate, environmental, or socio-economic outcomes, such as delaying the net-zero transition or resulting in a net-increase in overall emissions.

[7] ALP 2021, ‘Powering Australia’, https://keystone-alp.s3-ap-southeast-2.amazonaws.com/prod/61a9693a3f3c53001f975017-PoweringAustralia.pdf, p. 31.
8 https://www.ipcc.ch/report/ar6/wg3/

3. Enhancing integrity, transparency and independent institutions

Recent experience in Australia has highlighted the need for review and improvements to carbon market governance, including greater transparency. Arbitrary and poorly consulted decisions – namely, those regarding granting additional ministerial veto powers for certain carbon farming methods and the release of fixed carbon abatement contracts – have had a demonstrable impact on investment and ACCU prices.

Additional resourcing and urgency in ACCU method development from the Coalition Government was welcome, but method selection processes were opaque and not explicitly linked to abatement potential. Concerns have been raised about the additionality of key methods and certain projects, as well as the robustness of current checks and balances. Without commenting on any individuals or their performance, these concerns are not helped by opaque appointment processes and consequent perceptions of bias in the decision-making processes and institutions underpinning Australia's carbon markets.

Labor's promises for a review into the current offsetting scheme and a revamped role for the Climate Change Authority, alongside a new national independent Environment Protection Agency, will work towards addressing these issues and renovating Australia's carbon market governance. CMI looks forward to working with the incoming government to implement these improved governance measures, including participating in the review into ACCUs.[9]

In addition to reviews of governance arrangements, it is vital that all landholders, including those with farming, Indigenous and conservation interests, are supported with accessible and credible information and mechanisms that provide appropriate guardrails for carbon market participation.

Compliance and voluntary frameworks to support integrity, such as fit and proper person tests managed by the CER and the Australian Carbon Industry Code of Conduct (the Code), administered by CMI are growing in importance. The Code currently has more than 30 Signatories, covering over 70% of contracted abatement across Australia. It focuses on Signatories' engagement with clients (landholders, traditional owners, banks, etc.) to ensure they are provided with adequate information to make informed decisions about participating in the market.

The continued evolution of corporate disclosure frameworks is also important and there should be transparency regarding the volume of abatement stimulated by voluntary corporate offset purchases in Australia's National Greenhouse Accounts.

Last but not least, new institutional arrangements and funding should also ensure that the economic transition is inclusive and supports workers and communities to manage this transition.

In addition to the incoming government's existing commitments to reviewing governance and integrity in Australia's carbon markets, key reforms to support investor and community confidence include:

a) In addition to restoring its other powers, the new Government should empower the Climate Change Authority to review – regularly and publicly – Australia's five-yearly NDC and net-zero transition progress using climate target and carbon budget analysis. This should include recommending to Parliament economy-wide and sectoral decarbonisation policy improvements and expanding the Authority's role to review carbon crediting frameworks in Australia;

[9] ALP, Powering Australia p. 34: "Building on the King Review, an Albanese Labor Government will undertake a short review into ACCUs to ensure their integrity, consistency with agricultural and other objectives, and contribution to environmental, economic and other benefits like biodiversity."

b) Reviewing regulatory governance arrangements and selection processes to ensure appropriate checks and balances and technical expertise in the Emissions Reduction Assurance Committee (ERAC), CER, DISER and other government bodies with carbon market oversight;

c) Ensuring high integrity, inclusive voluntary carbon market activity that is aligned to activities limiting warming to 1.5oC, with appropriate corresponding adjustments (in line with Article 6 rules). This should include full transparency that allows for public scrutiny of the generation and use of carbon credits, including clearly demarcating the volume of abatement stimulated by voluntary corporate offset purchases in Australia's National Greenhouse Accounts.

d) Adopting a mandatory climate-risk disclosure framework that is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Also, continuing to enhance the quality and usefulness of corporate climate risk disclosures and improve transparency through continued support for voluntary initiatives, such as the Corporate Emissions Reduction Transparency Report.

e) Establishing a regionally focused Just Transition agency or framework with sufficient funding to support people, communities, business and Indigenous stakeholders. This would ensure a sustainable and just economic transition as unabated emission intensive facilities are phased out or transformed.

f) Investing in the expansion and ongoing operations of the Australian Carbon Industry Code of Conduct, as an important voluntary landholder and consumer protection initiative that actively monitors and enforces compliance on its national cohort of Carbon Service Provider signatories.

4. Building trust and participation in land-based climate and biodiversity solutions

Commenced alongside the CPM, and thereafter mostly undertaken through the ERF, the Carbon Farming Initiative (CFI) has supported significant investment in regional and rural Australia through emissions avoidance and reduction projects in vegetation, livestock and soil. This has provided significant social, Indigenous, environmental and economic co-benefits that some consider the core benefits[10].

These projects and their abatement results are accredited and audited by ACCU methods developed under high-integrity mechanisms with checks and balances, which include:

- Legislated Offset Integrity Standards;
- Mandatory Australian Securities and Investments Commission Financial Services Licences (AFSLs) for carbon service providers;
- Independent review and consideration of ACCU methodologies and extensions by the ERAC; and
- Ministerially-approved methodologies being a disallowable parliamentary instrument.[11]

The Climate Change Authority also regularly reviews this framework, with its next report due in 2023.

Ongoing work is required to support robust scheme integrity, including improvements to governance, as noted in section 3, and minimising ministerial discretion in method selection. Issues resolution, transparency and accountability are critical in reinforcing the credibility of carbon markets as a tool to support an efficient and cost-effective transition to net zero.

To inform good decision making, measurement and verification, an upgraded and de-identified national supply chain of ecosystem-based biodiversity, agricultural and carbon data is also needed.

[10] See for example, the Aboriginal Carbon Foundation https://www.abcfoundation.org.au

[11] See CMI, Integrity in Australia's Carbon Market https://carbonmarketinstitute.org/app/uploads/2022/04/Explainer-Integrity-in-Australias-Carbon-Market.pdf

CMI's Carbon Farming Industry Roadmap[12] and recent Carbon Farming Scorecard [13]of Commonwealth and State initiatives highlight the ongoing need and frameworks to develop this emerging industry. Carbon farming provides benefits to regional and rural Australia, but industry players and governing bodies must engage with community challenges as carbon markets develop.

Biodiversity linkages

Land or nature-based climate solutions stand to benefit from, and should align with, biodiversity conservation and ecosystem stewardship responsibilities and incentives. Carbon and related biodiversity markets will lose investor and community support if not clearly linked to the outcomes for which they are created, including helping to limit global warming, reversing deforestation and biodiversity conservation. Both markets need to be guided by the "avoid, reduce, offset" hierarchy, as well as the imperative of protecting, conserving and environmental assets and biodiversity.

This requires development of market architecture such as taxonomy, standards, frameworks and assurance structures. Whilst there have been recent attempts to consider co-benefits, particularly with regards to biodiversity stewardship in agriculture, linkages between biodiversity and carbon markets are unclear, and there is a risk of setting up competing environmental markets. The Agriculture Biodiversity Stewardship Market Bill 2022 established to develop a legislative framework and market should be reviewed and opened to full and proper consultation, as well as industry and community co-design.

In establishing the national Environmental Protection Authority, the incoming Government should integrate reforms with its response to the recommendations of the Samuel Review of the Environment Protection and Biodiversity Conservation Act.[14] This should include consideration of removing policy barriers that currently prevent carbon and biodiversity credit generation on state-owned and managed land that could otherwise support enhancing and protecting forests in these areas.

Labor's Powering the Regions Fund will re-commit unallocated ERF funds to purchasing ACCUs on behalf of the Commonwealth. In choosing projects to support through the Fund, the ALP Government could adopt lessons from state-based initiatives like Queensland's Land Restoration Fund and the recent Commonwealth-led Carbon + Biodiversity (C + B) Pilot and focus on purchasing ACCUs from projects that leverage additional social and environmental benefits.

Carbon and Biodiversity Landholder Extension Program

Carbon, biodiversity and environmental stewardship initiatives should be underpinned by national agricultural extension services to assist farmers and other landholders to better understand carbon from an on-farm and market perspective. Under the CFI, the Carbon Farming Futures program (2012-17) supported research, development and extension activities, including the funding of agricultural extension providers to inform farmers. The program left a rich legacy that should be adapted and funded to fill persisting market gaps with the creation of a new Carbon and Biodiversity Landholder Extension Program that includes information for participation in carbon and biodiversity stewardship frameworks.

Carbon abatement contract changes and government dividend

In early 2022, the Coalition Government made the decision to allow project proponents to exit fixed carbon abatement government contracts and sell their credits to private investors. The announcement of this decision

[12] https://carbonmarketinstitute.org/app/uploads/2022/03/Australian-Carbon-Farming-Industry-Roadmap-v.2.1.pdf
[13] https://carbonmarketinstitute.org/app/uploads/2022/04/Carbon-Farming-Scorecard-Report.pdf
[14] Department of Agriculture, Water and the Environment 2021, 'Samuel Review of the Environment Protection and Biodiversity Conservation Act' (Independent Review of the EPBC Act).

was made with limited discussion and without any formal consultation and has caused considerable market volatility and ACCU price fluctuations since. ACCU spot market prices, albeit not necessarily reflective of all trades, dropped to $29 in May 2022 from a height of nearly $60 earlier in the year, albeit with a recent post-election rebound to around $36. There remains considerable uncertainty in the market, with exit arrangements yet to be finalised and an uncertain interplay with yet to-be-established Safeguard Credits.

In CER consultations on benefit sharing for the proposed exit arrangements. CMI's submission[15] focused on the need for improved consultation, clearer understanding of linkages to other policy developments including safeguard reform, and information requirements for carbon service providers benefiting from the change.

CMI has also called for clarity on the Government's intended use of revenue streams resulting from contract exits; the release of contracts, and consequent freeing up of Commonwealth purchasing requirements, combined with government receipt of exit fee payments could be as much as $2 billion in additional funds.[16]

The incoming Labor Government needs to provide detail on how these funds, alongside the remaining $2 billion ERF will be invested. As noted above, Labor has committed to a Powering the Regions Fund, built from uncommitted ERF funds, that will still purchase ACCUs. However, its remit will be expanded to focus on an additional three priorities directly supporting "existing industry decarbonisation priorities, new technology development and skills and capacity development."[17] With over 90% of the fixed CAC dividend to come from land-based project contracts, it is highly appropriate that a significant proportion is invested in ongoing and potentially expanded ACCU purchases, landholder extension services, and research and development.

<u>Supporting carbon farming in the Safeguard Mechanism transition</u>

CMI has long supported a transition from a significant dependence on public funding for carbon farming and other emission avoidance and removal technologies into a framework that values carbon reduction and integrates carbon responsibility into corporate investment decisions. The evolution of the Safeguard Mechanism is an important step in this direction, however there remains considerable uncertainty regarding the scale of ACCU demand and the creation and fungibility of potential new Safeguard Credits with ACCUs.

It is vital that the Powering the Regions Fund continues to support the emerging carbon farming industry through the transition to the Safeguard Mechanism, at least through the recent de-risking framework of optional contracts in current twice-yearly (March and September) auctions.

Key priorities for the incoming government to build trust and participation in land-based climate and biodiversity solutions include:

a) Ensuring the ALP review process for ACCU and ERF methods is supplemented by ongoing review processes coordinated by the Climate Change Authority;
b) These reviews should consider and respond to recent criticisms but also consider:
    i. Appropriate measures to ensure separation within government of method development, procurement and regulatory functions (see section 3 above);
    ii. Review of selection processes and criteria, as well as function and resourcing for independent agencies such as the Climate Change Authority and ERAC to ensure appropriate technical expertise and capacity for independent review of methods and procedures;
    iii. Transparent selection criteria for new ACCU method development emission reduction potential;

[15] https://carbonmarketinstitute.org/app/uploads/2022/04/Benefit-sharing-for-the-fixed-delivery-exit-arrangement-CMI-Submission.pdf
[16] https://carbonmarketinstitute.org/2022/03/04/erf-changes-could-impact-investor-community-confidence-in-growing-carbon-market/
[17] ALP, Powering Australia, p. 32 https://keystone-alp.s3-ap-southeast-2.amazonaws.com/prod/61a9693a3f3c53001f975017-PoweringAustralia.pdf

iv. Recommendations for an upgraded and de-identified national supply chain of ecosystem-based biodiversity, agricultural and carbon data to inform decisions, measurement & verification, and;

v. Integration with emerging biodiversity markets or certificate schemes.

c) As well as committing exit fee payments and uncommitted ERF funds to it, the Powering the Regions Fund should also provide:

i. Ongoing support for carbon farming and other ACCU projects in development as transitionary Safeguard Mechanism arrangements are concluded, this should include at least two further auctions in September 2022 and March 2023;

ii. Building on the C+B Pilot, expanded "ACCU+" Commonwealth purchase arrangements that leverage private investment in carbon as well as social and environmental co-benefits;

iii. Development of a Carbon and Biodiversity Landholder Extension Program, including regional independent extension officers to assist landholders to better understand carbon as well as social and environmental co-benefits both from an on-property and market perspective;

iv. Support for upgrading national data management as identified in 4 b) iv. above, and;

v. Support for critical research and development into land-based carbon implementation, crediting and assurance technologies as well as skills and capacity-building programs.

d) Increasing integration and visibility of co-benefits by capturing the additional environmental, economic and social-cultural outcomes of carbon projects within a coherent, comprehensive policy framework for more mature, resilient and credible carbon markets.

5. Revitalising whole of government and Commonwealth/state relations

The election outcome provides a timely platform for the renovation of Australia's carbon market governance and climate ambition, but also an opportunity to better align whole-of-government and business decarbonisation and climate resilience efforts.

Powering Australia commits to a "Net-Zero Public Service" with emissions reporting and power and vehicle fleet procurement commitments. However, this falls short of the breadth of government operations as well as review and accountability procedures required to catalyse the nationwide, entire economy approach that climate change warrants. US President Biden's "Executive Order on Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability" is one example of the type of broader approach that is required.[18]

A reset in coordination with state governments on climate and energy national measures in Australia is also long overdue. Climate resilience and emission reduction management issues have often dealt with in disparate Ministerial councils or Council of Australian Governments (COAG) arrangements. National Electricity Market reform is just one area that has been poorly serviced. The Grattan Institute has noted, for example, the importance aligning and expanding state-based energy efficiency schemes will be to assist small and medium industrial facilities to reduce energy consumption and emissions[19].

Potential whole of government and federal reforms include:

a) requesting all government departments, agencies and senior executives to regularly report and coordinate on initiatives to align with a rapid and inclusive transition to net-zero emissions and climate resilience building, and;

[18] White House, December 2021 https://perma.cc/B66E-2VZX

[19] https://grattan.edu.au/wp-content/uploads/2021/08/Towards-net-zero-Practical-policies-to-reduce-industrial-emissions-Grattan-report.pdf

b) Reviewing federal coordination arrangements between Commonwealth and state governments to ensure maximum alignment of energy, emission reduction and climate resilience initiatives.

Conclusion

The incoming Government's Powering Australia plan outlines a path forward to greater climate ambition and emissions reduction for Australia. However, to truly "end the climate wars" and overcome the political short-sightedness that has paralysed Australian climate policy for over a decade, the Government and this Parliament must do more.

It is important to plan further ahead than its higher-ambition 2030 target, and even beyond 2050. Prioritising the initiatives outlined in this paper will ensure the right stepping stones are in place to guide Australia onto an accelerating trajectory of emissions reductions towards net-zero and even net-negative emissions by 2050.

This will also drive other important developments, including greater transparency and integrity of crediting in Australia, and enhance our credibility on the global stage. It will prepare for Australia's involvement in international carbon markets under Article 6 of the Paris Agreement by establishing firm rules to prevent double-counting, exporting local expertise, and mapping carbon market potential in the Indo-Pacific region. These will be important foundations from which Australia can bid for COP hosting rights in 2024 or 2025.

This Government and Parliament have a historic opportunity and responsibility to set the foundation for enduring bi-partisan climate and carbon market policy. This can also catalyse investment and inclusion in a renewed approach to urgency, integrity and ambition to assist greater prosperity and security for Australia and the Indo-Pacific.