



Globally there continues to be a trend towards long-term net-zero emissions reduction targets with countries and regions setting ambitious targets out to 2050. Similarly, organisations are redefining their strategies to address climate change risk and are progressively setting internal emissions reduction targets and carbon prices to manage future liability. There is widespread recognition in the business community that domestic policy settings will have to tighten in the near future, and that this will inevitably include a form of emissions trading and a carbon price signal, as well as the opportunity to link and trade in international markets.

As per our commitment to the Paris Agreement, our 2030 target is a floor, and so in future years will need to be reviewed and strengthened in line with a formal Global Stocktake process that countries agreed to in Paris. It is critical therefore that we have a comprehensive suite of policies in place that can endure beyond multiple political cycles, and enable business and industry to make an orderly and just transition towards the future net zero-carbon economy that is already starting to emerge.

It is in this context that the Carbon Market Institute calls on all sides of politics in the lead up to the next federal election, to outline and explain how their suite of climate and emissions reductions policies will get us to our Paris target by 2030, and towards a net-zero emissions goal by 2050.

**Our key policy position below can help to inform parties and candidates' long-term climate policies; incentivise emission reductions across the economy; and strengthen our nation's response and resilience to the increasing threat of climate change.**

1. To play its role in meeting global emissions reduction under the Paris Agreement, Australia should define a long-term goal that leads to net-zero emissions by 2050.
2. To reduce absolute emissions across the economy, Australia should explicitly confirm that it will not use Kyoto carryover units towards its target, as this does not represent absolute emissions reductions post-2020, and goes against the spirit of the Paris Agreement.
3. Any future public funding of Australia's domestic offset industry will be insufficient unless it is used as to help transition the industry to a market driven by private-sector demand (as under an evolved Safeguard Mechanism).
4. Australia should work to scale up Australia's domestic offset scheme to create real abatement across the landscape, and generate jobs, revenues, and additional benefits for regional and rural communities as outlined in CMI's [Australian Carbon Farming Industry Roadmap](#).
5. Through investment in R&D, Australia should introduce new ERF methodologies to increase the supply of offsets available to meet future demand domestically and internationally.
6. Australia should transition the Safeguard Mechanism to more effectively drive emissions reductions across the economy (as per [CMI's recent Transitioning the Safeguard Mechanism to a Baseline & Credit ETS discussion paper](#)).
7. Australia should confirm the use and eligibility requirements of international units for compliance under an evolved Safeguard Mechanism, to maximise opportunities to achieve emission reduction targets at lowest cost.
8. Australia should research and model the factors affecting future availability, supply and demand for domestic and international units as countries implement their commitments made under the Paris Agreement.
9. Australia should identify how it could be part of internationally linked carbon markets as they evolve under the Paris Agreement and should engage in the international discussions to clarify the conditions, process and pathway to open up opportunities for the export of Australian Carbon Credit Units into other markets.



## **for more information please contact**

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The Carbon Market Institute is at the centre of climate change policy and business in Australia. Independent and non-partisan, we bring business, policy makers and thought leaders together to drive the evolution of carbon markets towards a significant and positive impact on climate change.

Engaging leaders, shaping policy and driving action, we're helping business to seize opportunities in the transition to a low carbon economy.