

## **Start With \$20 Fixed Cost Permits, 10% Target By 2020**

Australia should put its strongest possible efforts into securing a global agreement to limit emissions to no more than 550 parts per million CO<sub>2</sub>e and encourage the world onto a lower emissions path as soon as feasible, according to the Garnaut Climate Change Review's *Targets and Trajectories: Supplementary Draft Report*.

The Review's climate change mitigation modelling shows that stabilisation of atmospheric concentrations at 550 ppm can be achieved by Australia reducing its net emissions by 10 per cent from 2000 levels by 2020.

The Report proposes that, in the absence of an international agreement between high-income countries and China, Australia commits to an emissions reduction target of five per cent by 2020, which Professor Ross Garnaut says is in line with the Government's 60 per cent by 2050 emissions target; any further commitments will be determined in the context of international progress, he says.

Garnaut says there are many good reasons why it is desirable for an Australian emissions trading scheme to commence in 2010. He points out that the remainder of the Kyoto period is best considered as a transition period, in which the ETS is established soundly for the larger task that will lie ahead of it after 2012.

Over the transition period, permits should be sold by an independent regulatory authority at \$20 per tonne in 2010, rising each year by four per cent plus the percentage increase of the consumer price index, according to Garnaut.

"This is more or less the price path that the modelling suggests would be followed if there were effective global agreement directed towards stabilization of global greenhouse gas concentrations at 550 ppm," says Garnaut.

The emissions trajectories proposed by the Review are based on the 'per capita' allocation of emissions rights, which Garnaut says is a fair global solution with the best chance of securing international support for sharing a global emissions budget.

"Per capita allocations provide the only possible basis for an international agreement that includes developing countries. This is because it takes population growth into account and gradually reduces the weighting of historical starting points over time," says Garnaut.

The Garnaut-Treasury modelling indicates that the cost to Australia of mitigation will be 1.1 per cent GDP by 2020 under a 550 ppm scenario, and 1.6 per cent GDP by 2020 under a 450 ppm scenario.

"The costs of well-designed mitigation, substantial as they are, do not threaten to derail the long-term growth path of Australia, its developing country neighbours or the global economy.

[Source essa news]