



**The end of the World is nigh!
Will the new Australian carbon
trading scheme make a
difference and what does it
mean for Japan?**

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Introduction: an uncertain future

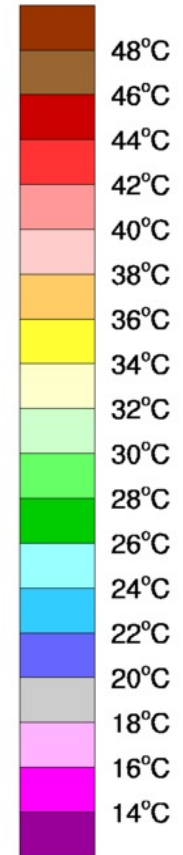
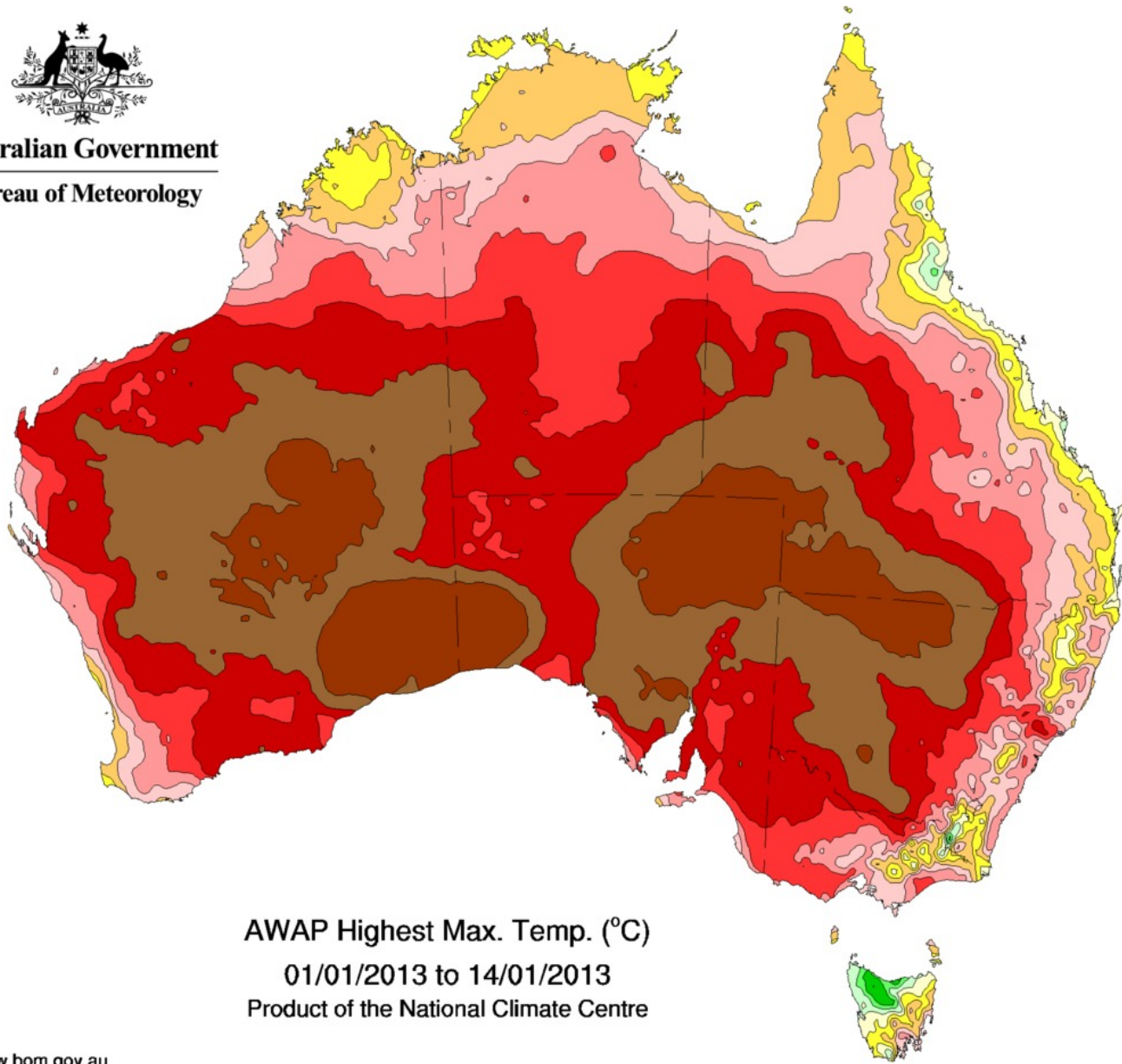
Australia' future:

- drought, bushfires, floods and cyclones
- rising sea levels, beach erosion and inundation
- destruction of the Great Barrier Reef





Australian Government
Bureau of Meteorology



AWAP Highest Max. Temp. (°C)
01/01/2013 to 14/01/2013
Product of the National Climate Centre

<http://www.bom.gov.au>





Introduction: an uncertain future (cont)

Australia's conundrum:

- highest emitter of carbon per capita
- coal dependency
- price taker in global markets
- impact of reductions negligible

Australia's response:

- 2012 emissions trading scheme (ETS)



Climate change response – the policy alternatives

Regulatory measures

Price on carbon emissions (2 options):

- carbon tax
- ETS

Carbon leakage quandary:

- border adjustment tax
- free carbon credits to trade exposed industries

Australia' place in the world of climate change response

1992 UN Framework Convention on Climate Change & 1997 Kyoto Protocol:

- 5% reduction (1990 base) by 2012

UN climate change conference pledge:

- 5% reduction (2000 base) by 2020

Australia joins EU and NZ with an ETS

Australia's path to a price on carbon

2007 watershed year:

- Prime Ministerial Task Group on ETS
- Garnaut Climate Change Review
- election of a Labor Government
- ratification of the Kyoto Protocol

Carbon pollution reduction scheme

Removal of Opposition leader (Nov 2009)

Removal of Prime Minister (June 2010)

Election (Aug 2010):

- no carbon tax platform
- Greens power sharing agreement



The 2012 Australian ETS

Multi-party Climate Change Committee

Controversy rages:

- pledges in blood
- calls for national plebiscite
- attempts to arrest power
- actors and State politicians





The 2012 Australian ETS (cont)

Climate Commission

Draft legislation and consultation

Clean Energy Bill 2011

New aims: 80% reduction (2000 base) by 2050

The 2012 Australian ETS (cont)

Features:

- application to 500 emitters (>25,000 metric tonnes)
- eligible emissions units (“EEU”)
- Clean Energy Regulator (“CER”)
- EEU price fixed until 1 July 2015 (\$23 AUD)
- purchased from CER and immediately surrendered
- from 1 July 2015 replaced by a “cap and trade” ETS
- industry and household assistance

The politics of implementation: price setting, exclusions and compensation

Carbon tax or ETS

The carbon price: \$15 - \$130 AUD

Large emitters (threshold): 1000 v 500 v 294 entities

Exemption for the agricultural sector

Emissions intensive trade exposed industries (94.5%)

Clean Energy Finance Corporation

Going global – linking up with the EU

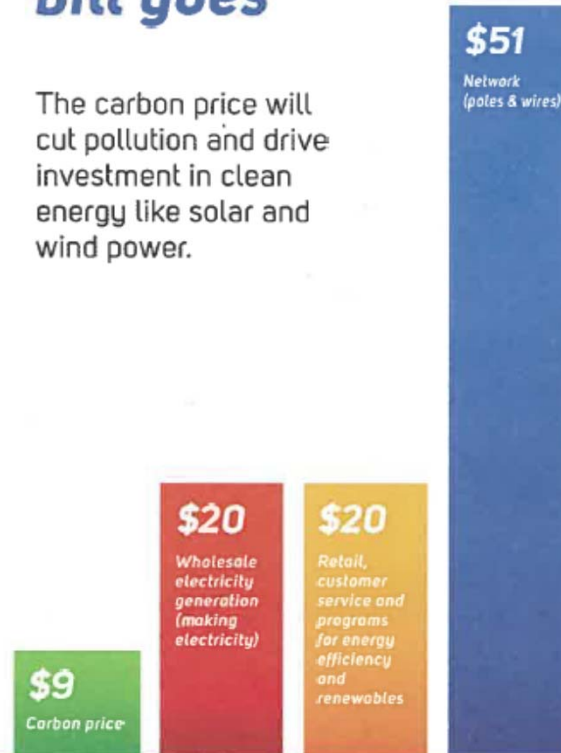
Compensation and managing price rises



Australian Government

Where every \$100 on your electricity bill goes

The carbon price will cut pollution and drive investment in clean energy like solar and wind power.



National average figures provided by the Commonwealth Treasury. These figures include GST. Individual bills will depend on a number of factors including your household consumption, metering type and where you live.



Is there really an Australian carbon pricing spring?

Political necessity or window dressing

Political risk

A note on Japan

Kyoto Protocol: 6% reduction (1990 base) by 2012

2010 UN: 25% reduction (1990 base) by 2020 (80% by 2050)

Committee on a tax system to combat global warming (2003)

JVETS (2005)

Experimental voluntary ETS (2008)

2010 mandatory implementation deferred to 2013

December 2010 postponement announcement

The triple disasters of 2011

February 2012 admission

October 2012 carbon tax

Tokyo & Saitama ETSs

Are there any lessons for Japan from the Australian experience?

OECD's 2009 Economic Survey of Japan

The political economy of implementation:

- leadership and the element of deceit
- big bang v incremental approach

Environment v economy:

- industry protection & carbon leakage
- compensation
- behavioral change

Serendipity

Future linkages



Conclusion: an irrelevant discourse

A saga of political intrigue

Is it enough?

Is it too late?