



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

Australians would pay high cost for banning Kyoto carry-over

Statement from Tania Constable, Chief Executive Officer

Any sensible emissions reduction policy should take an economy-wide, technology-neutral and pragmatic approach to minimising the cost of meeting Australia's international emission reduction commitments.

MCA supports participation in global agreements such as the Paris Agreement, which under Article 2 would hold the increase in the global average temperature to well below 2°C above pre-industrial levels.

The Paris Agreement provides a framework for global action, with Australia's global minerals sector focusing on practical solutions that address this policy challenge.

As a major resources and energy exporter and a large country with a relatively small population, Australia needs a climate change policy which recognises the high relative emissions intensity of our economy and the contribution we make to both economic development and the transition to lower emissions in our region.

A least cost approach to emissions means including the use of credible and verifiable international offsets along with carry-over of emission reductions from the first and second Kyoto commitment periods.

By accessing lower-cost offsets generated overseas, companies can reduce compliance costs while ensuring Australia's meaningful contribution to containing global emissions at levels consistent with Paris Agreement climate goals.

The benefit to the atmosphere is the same regardless of where in the world such abatement occurs.

MCA analysis shows that without carry-over units, the financial cost to Australia will be at least \$12.8 billion – based on Australia's share of the carry-over units from the first Kyoto Protocol commitment period being about two per cent.

The cost analysis is based on Australia's carry-over share of 368 million tonnes of CO₂ and a trading price for EU ETS allowances of about A\$35 per tonne.

According to international experts, the price of carbon offsets is expected to increase over the next decade, predicting a carbon price of between US\$50 and US\$100 a tonne of CO₂-e.

Australia's carry-over units are genuine and verified emission reductions according to international standards.

It is also important to recognise that these units are legally recognised within the UNFCCC to encourage and not penalise Parties that overachieve on their emissions reduction targets.

It is clear that access to international offsets and the use of Australia's carry-over units could make a material contribution to achieving either the Coalition's or Labor's emission reduction targets over the 2021 to 2030 period.

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