# WHITE PAPER ON THE FEDERAL CARBON POLLUTION REDUCTION SCHEME

## PURPOSE OF THIS MAV MEMBERS' BRIEF

On the 15 December 2008 the Australian Government released its White Paper on a national carbon pollution reduction scheme, as the centrepiece of the government's strategy for addressing climate change.

The White Paper sets out the Government's policy in relation to:

- a medium-term target range for national emissions reduction
- the design of the Carbon Pollution Reduction Scheme

These elements are placed in the context of Australia's efforts to help shape a global solution, and a range of complementary climate change initiatives.

The purpose of this brief is to inform MAV member councils of the broad scope of the carbon pollution reduction scheme and its implications for councils, particularly in the area of waste management. It identifies how the Australian Government will assist households and businesses to adjust to the scheme. The brief further identifies the emissions reduction targets to which the Australian Government has committed.

## INTRODUCTION

Climate change is the greatest social, economic and environmental challenge of our time. Scientific evidence confirms that human activities, such as burning fossil fuels, agriculture and land clearing, have increased the concentration of greenhouse gases in the atmosphere. As a consequence, the earth's average temperature is rising and weather patterns are changing. This is affecting rainfall patterns, water availability, sea levels, storm activity, droughts and bushfire frequency, putting at risk Australian coastal communities, health outcomes, agriculture, tourism, heritage and biodiversity for current and future generations.

Australia is already a hot, dry country, and small variations in climate will be more damaging to us than to other developed countries.Dealing with the climate change challenge is critical to Australia's economic security and future prosperity. Analysis from the Australian Treasury and the Garnaut Climate Change Review demonstrates the longer we wait to take action on climate change, the more it will cost.

While some climate change is unavoidable, the negative effects of warming can be substantially diminished by prompt and concerted action. The sooner the global community can stabilise and then reduce atmospheric concentrations of greenhouse gases, the sooner we can reduce our impact on the climate and minimise the risk of dangerous change.

The Carbon Pollution Reduction Scheme will be the primary mechanism through which Australia will seek to meet its emissions reduction objectives.

The Scheme will make industries for the first time, take the cost of carbon pollution into account in their investment and production decisions, and pay for the carbon pollution they generate. This will affect the pattern of competitiveness across the economy, the relative price of goods and services, and the consumption choices made by households.

The work of the Australian Treasury and the Garnaut Climate Change Review confirms that responsible economic reform that introduces a price on carbon pollution will enable Australia to reduce carbon pollution while continuing to grow our economy and incomes.

The Government's intention is to commence the Carbon Pollution Reduction Scheme on 1 July 2010.

## PROCESS TO DATE

The policy positions in the White Paper represent the culmination of a number of processes and national policy debate.

In July 2008, the Government released a Green Paper on the design of the Carbon Pollution Reduction Scheme. Over 1000 submissions were received in response and more than 2400 people attended 18 public consultation sessions and workshops.

In September 2008, the Government received the Final Report of the Garnaut Climate Change Review. This Review assessed the impacts of climate change on Australia and the effects of international action to combat climate change, and made a range of policy recommendations on medium term national emissions targets for Australia.

The Government has also released the results of the modelling undertaken by the Australian Treasury, published in October 2008 as *Australia's Low Pollution Future: the Economics of Climate Change Mitigation*. This modelling exercise assessed the costs of achieving different national emissions targets.

Having taken the combined feedback into account, the White Paper variously confirms, elaborates on, and modifies the proposals contained in the Green Paper. The Green Paper itself took into account the work of the former Prime Ministerial Task Group on Emissions Trading, and the National Emissions Trading Taskforce.

### Next Steps

The Government states that the White Paper is the foundation on which an ongoing response to climate change will continue to develop. Drafting for legislation to enact the Carbon Pollution Reduction Scheme is under way, and an exposure draft is expected to be released for public comment in late February 2009. The intention of providing opportunity for comment is not to revisit the policy responses, but rather to ensure that they have been correctly translated into legislation. Following public comment, the Government intends to introduce the relevant bills into the Australian Parliament in the winter session of 2009. Following successful passage of the legislation, it is expected that the Scheme will begin on 1 July 2010.

## TARGETS FOR REDUCING AUSTRALIA'S CARBON POLLUTION

In the White Paper the Australian Government re-affirms its commitment to reduce Australia's carbon pollution by 60 per cent of 2000 levels by 2050.

It also commits to a medium-term national target to reduce Australia's greenhouse gas emissions by between 5 per cent and 15 per cent below 2000 levels by 2020.

The top of this range (5 per cent below 2000 levels) represents a minimum (unconditional) commitment to reduce emissions by 2020, irrespective of the actions by other nations. The bottom of this range (15 per cent below 2000 levels) represents a commitment to reduce emissions in the context of global agreement where all major economies commit to

substantially restrain emissions and all developed countries take on comparable reductions to that of Australia.

The Government believes that it is in Australia's national interest to achieve a comprehensive global agreement to stabilise atmospheric concentrations of greenhouse gases at around 450 parts per million of carbon dioxide equivalent (ppm $CO_2$-e). However, the Government suggests that achieving global commitment to such action in the near term will be challenging.

In the event that a comprehensive global agreement were to emerge involving emissions commitments by both developed and developing countries that are consistent with long term stabilisation of atmospheric concentrations of greenhouse gases at 450 ppm $CO_2$-e or lower, Australia is prepared to establish its post-2020 targets so as to ensure it plays its full role in achieving the agreed goal.

Australia's medium term target range represents a comparable effort to others which have announced targets, such as the European Union (see Appendix 1).

## THE CARBON POLLUTION REDUCTION SCHEME

The Government's intention is to commence the Carbon Pollution Reduction Scheme on 1 July 2010. The Scheme will be Australia's primary policy tool to drive reductions in emissions of greenhouse gases. Greenhouse gas emissions are a form of pollution—carbon pollution. The consequent economic cost is not currently reflected in the costs of business or the price of goods and services. Unless businesses and individuals bear the full responsibility for their consumption and production decisions, the level of carbon pollution will remain too high. The Carbon Pollution Reduction Scheme is designed to redress this market failure.

The Scheme will put a price on carbon in a systematic way throughout the economy. It employs a 'cap and trade' emissions trading mechanism to limit greenhouse gas emissions. Setting a limit means that the right to emit greenhouse gases becomes scarce—and scarcity entails a price.

As well as driving actual emissions reductions, the introduction of a carbon price provides a financial incentive for investment in low emissions technology research, development and commercialisation. These market incentives work to move the permits to the highest value use and to encourage the cheapest abatement to occur first.

The introduction of a carbon price will change the relative prices of goods and services, making emissions-intensive goods more expensive relative to those that are less emissions intensive. This provides an incentive for consumers and businesses to adjust their behaviour, resulting in a reduction of emissions.

### *Mechanics of a cap and trade scheme*

- Emitters of greenhouse gases need to acquire a permit for every tonne of greenhouse gas that they emit.
- The quantity of emissions produced by firms will be monitored, reported and audited.
- At the end of each year, each liable entity will need to surrender a permit for every tonne of emissions that they produced in that year.
- The number of permits issued by the Government in each year will be limited.
- Firms will compete to purchase the number of permits that they require. Firms that value the permits most highly will be prepared to pay most for them, either at auction or on a secondary trading market. For some firms, it will be cheaper to reduce emissions than to buy permits.
- Certain categories of firms will receive an administrative allocation of permits, as a transitional assistance measure. Those firms could use the permits or sell them.

### Scheme coverage

The Government has announced that the Scheme should have maximal practical coverage of greenhouse gas emissions and sectors. Maximal Scheme coverage is a key element in minimising the overall cost to the Australian economy of achieving emissions reductions. It will increase opportunities for low cost emissions reductions and ensure that the cost of achieving these reductions is shared equitably across the economy. Broad coverage will also ensure that competing firms and sectors operate within equivalent market rules.

The Scheme will cover around 75 per cent of Australia's emissions and involve mandatory obligations for around 1000 entities. There are around 7.6 million registered businesses in Australia: the overwhelming majority will not, therefore, face any direct obligations under the Scheme.

The Scheme will have broad sectoral coverage and will cover emissions from stationary energy, transport, fugitive, industrial processes, waste and forestry sectors (see additional detail below on coverage of the waste sector).

Initially, the Scheme will not cover emissions from agriculture. The agricultural sector is characterised by thousands of small emitters and the calculation of emissions is complex; the White Paper concludes it would not be practical at this stage to cover those emissions directly. However, agriculture's eventual inclusion in the Scheme is desirable, if it can be cost-effectively achieved.

### The carbon price

Seeking to meet national emissions targets through the Scheme will generate an explicit carbon price. The price of carbon will be determined by the balance of supply and demand for permits.

Australian Treasury modelling suggests that, in the context of efficient market-based global action to stabilise greenhouse gas concentrations at 550 ppm $CO_2$-e, the initial emission price in 2010 could be around A$23/t $CO_2$-e in nominal terms. Stabilising at lower concentration levels requires faster cuts in global emissions and higher emission prices. The starting price is 40 per cent higher to achieve 510 ppm $CO_2$-e and 110 per cent higher to achieve 450 ppm $CO_2$-e. Consistent with the target range chosen, the Government has decided to set a price cap for five years, of $40 per tonne at Scheme commencement, rising at five per cent real per annum.

### Auctioning carbon pollution permits

The Government will auction the majority of the Scheme's carbon pollution permits.
The White Paper states that auctioning is the most efficient way of distributing permits, since they will be bought by those who value them most highly. However, some permits will also be administratively allocated, in order to address the transitional challenges raised earlier.

## ASSISTANCE FOR HOUSEHOLDS

Carbon costs will be incorporated in the prices of goods and services, and will ultimately be borne by consumers. The Government has recognised this impact, and is providing a substantial package of measures to help households adjust to the impacts of the Scheme. The total size of this assistance package is estimated to be $6.0 billion in 2011-12.

At a carbon permit price of $25, the cost of living is estimated to increase by 1.1 per cent in 2010-11. To the extent that households reduce their consumption of goods whose relative

prices have risen and increase their consumption of goods and services whose relative prices have decreased, then the real impact on households would be expected to be lower.

The carbon price will have the greatest impact on emissions-intensive goods, such as electricity, gas and other household fuels. Electricity prices are estimated to increase by around 18 per cent and gas prices by 12 per cent. Across all households, this would lead to an average increase in spending of $4 per week on electricity and $2 per week on gas and other household fuels.

The Government commits to assist low- and middle-income households, so that:

- pensioners, seniors, carers and people with disability will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the Scheme
- low-income households will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the Scheme
- middle-income households will receive additional support, above indexation, to help meet the expected overall increase in the cost of living flowing from the Scheme. For middle income families receiving Family Tax Benefit Part A, the Government will provide assistance to meet at least half of those costs
- low- and middle-income working households will also receive a tax cut to assist with the expected overall increase in the cost of living flowing from the Scheme

(Further features of the household assistance package are presented in Appendix 2).

In addition, the Government will assist motorists through a cent for cent reduction in fuel tax for the first three years of the Scheme. This means households and business will be shielded from increases in the cost of fuel resulting from putting a cost on pollution.

By becoming more energy efficient, households can reduce the cost impacts of the Scheme. Prior to the commencement of the Scheme, the Government will deliver household energy efficiency initiatives building on existing programs to help households do their bit to tackle climate change and reduce energy bills.

## ASSISTANCE FOR EMISSIONS-INTENSIVE, TRADE-EXPOSED INDUSTRIES

Introducing a carbon price in Australia ahead of some other countries could risk carbon leakage occurring—that is, activities could move from Australia to elsewhere, with no benefit in terms of global emissions reductions. Activities most at risk of carbon leakage are those that are trade exposed and highly emissions intensive.

The Government will provide assistance to emissions-intensive trade-exposed industries (EITE industries) to reduce the risk that industries will relocate offshore due to competition from countries without carbon constraints and to provide general transitional assistance towards a carbon constrained economy.

At the start of the Scheme, it is estimated that EITE industries will be allocated around 25 per cent of total carbon pollution permits. The rate of assistance per unit of output will be gradually reduced over time.

## ASSISTANCE TO ELECTRICITY GENERATORS

The Government will provide a once-and-for-all allocation of permits to the most emissions-intensive electricity generators under the Electricity Sector Adjustment Scheme. The Government has decided to provide a fixed administrative allocation of permits, delivering assistance of around $3.9 billion to the most emissions-intensive coal-fired generators based on an initial carbon price of $25 per tonne.

Not all coal-fired electricity generators will receive assistance, since not all generators are likely to experience significantly adverse effects.

## TRANSFORMING THE ENERGY SECTOR

The Scheme will play a major role in creating significant commercial incentives to avoid traditional high-pollution sources of energy and to adopt low-pollution alternatives.

The Government will drive the transformation of the energy sector through a range of measures supporting renewable energy and carbon capture and storage. Renewable generation will play a key role in the future of Australia's energy supplies. The Renewable Energy Target requires 20 per cent of Australia's electricity to be sourced from renewable generators by 2020. This will require the rapid, large scale deployment of renewable technology, and will significantly reduce the emissions intensity of Australia's electricity supply.

Renewable energy is being further supported though the $500 million Renewable Energy Fund, which will help to reduce the cost of demonstrating and deploying key energy technologies that may play a critical role in energy supply and security over the next few decades.

In the longer term, coal-fired generation will be able to play a major role in Australian and global energy markets provided its emissions intensity can be dramatically reduced. Carbon capture and storage (CCS) is one key technology that could allow coal to continue to play a major role in the world's energy supplies in a carbon constrained environment.
The Government recognises that ongoing support will be needed to drive the development and deployment of CCS technology internationally. To this end, the Government has announced the Global Carbon Capture and Storage Initiative, and a proposal to fund up to $100 million per annum towards a new Global CCS Institute. This initiative will help coordinate and drive the concerted global effort called for by global leaders.

## ADDITIONAL ASSISTANCE FOR INDUSTRY, WORKERS AND COMMUNITIES

The Government recognises that the need for adjustment assistance is broader than for the EITE industries, coal-fired electricity generators and households. There is a need for information and practical assistance in changing business practices across a range of industries.

Transforming Australia's economy to a low carbon future will create new opportunities for some regions and groups of workers, but pose risks for others. The challenge will be to help transition regions and workers into the sustainable jobs of Australia's low carbon future. The Government indicates it will provide the assistance necessary to promote such a smooth and equitable adjustment.

Community sector organisations will also need assistance to manage the costs of the Scheme to continue to conduct their activities for the benefit of the community.

The White Paper states the Government will establish a $2.15 billion Climate Change Action Fund over five years to smooth the transition for businesses, community sector organisations, workers, regions and communities to an operating environment that includes a price on carbon. An additional $300 million will be provided as part of the coal adjustment stream.

The Fund will comprise four streams of activity (detailed in Appendix 3):

- Information
- Investment in energy efficiency and low emissions technologies

- Structural adjustment provision for workers and communities
- Coal sector adjustment

**LOCAL GOVERNMENT LANDFILL MANAGEMENT**

The waste sector accounts for around 3 per cent of Australia's emissions. Around 80 per cent of waste sector emissions are from solid waste, with the remainder from waste water (around 20 per cent) and solvent and clinical waste incineration (contributing less than 1 per cent of waste emissions). Emissions from landfill consist mainly of the uncontrolled release of methane from decomposing organic material, such as food, paper, garden waste and wood.

Waste sector businesses such as materials recovery facilities do not have fugitive emissions but use energy, with energy emissions being covered upstream. The Scheme will encourage resource recovery because the alternative—sending waste to landfill—will become more expensive once pollution permits are required for emissions from waste landfill facilities.

Following the release of the Green Paper, the Department of Climate Change released a discussion paper outlining some design options for coverage of solid waste landfill facilities, focusing on the treatment of legacy emissions, participation thresholds and closed sites. Stakeholders indicated in-principle support for waste sector coverage, but expressed concerns about the accuracy of emissions estimation methodologies and opposed the inclusion of emissions from past waste streams (known as 'legacy emissions').

In the White Paper the Australian Government has stated that emissions from the waste sector will be covered from Scheme commencement in 2010.

To ameliorate the impact of legacy emissions, estimated emissions from waste deposited in the past will be excluded from the Scheme until 2018. Excluding legacy emissions for this period will reduce the financial impact on landfill operators accordingly and will allow time to assess other abatement opportunities.

Operators of sites that are already closed have no opportunity to pass on Scheme costs and will be excluded from the Scheme. Emissions from landfill sites that closed prior to 30 June 2008 will not be covered. Subject to participation thresholds, all other landfill facilities will be covered from Scheme commencement.

In general, the Scheme will cover landfill facilities that emit 25 000 tonnes or more of carbon dioxide equivalent a year. However, to avoid waste displacement from covered to uncovered sites, a lower participation threshold of 10 000 tonnes or more of carbon dioxide equivalent a year will apply to landfill facilities that are operating in proximity to another operating landfill facility (within a distance to be determined, for example 80 kilometres). This participation threshold will return to 25 000 tonnes or more of carbon dioxide equivalent a year, 10 years after the site closes.

It is expected that landfill operators will ensure that future costs associated with the purchase of Scheme permits will be fully reflected in landfill gate fees and that funds are invested appropriately to ensure that post-closure obligations can be met.

The National Greenhouse and Energy Reporting System will be the starting framework for monitoring, reporting and assurance under the Scheme. Specific elements of the National Greenhouse and Energy Reporting System will be strengthened to support the Scheme. Emissions estimation methodologies under the Scheme will be those set out under the National Greenhouse and Energy Reporting System.

## ADAPTING TO UNAVOIDABLE CLIMATE CHANGE

Even if global emission reduction efforts are successful, the science shows that some climate change impacts are unavoidable. Those impacts create considerable risks to assets, investments, environments, communities and regional economies. Dedicated action now to adapt to those unfolding challenges can reduce costs in the future.

Individuals and businesses are often best placed to manage risks associated with their assets— the benefits they obtain from adapting to climate change provide an incentive for them to manage exposure to those risks. However they will need high quality and accessible regional climate information at scales relevant to adaptation decisions.

Individuals, businesses and local government will need targeted information and tools to support effective adaptation decisions; sectors and regions will need to understand their vulnerabilities. Goods and services provided by all three levels of government will need to take into account climate change so that decisions being taken today, particularly involving long-lived assets, do not increase our future vulnerability to climate change.

## MAV COMMENTS

The Garnaut Climate Change Review concluded that mitigation of global greenhouse gas emissions on the basis of 550 ppm $CO_2$-e objectives would generate benefits to Australia that exceeded the costs. Mitigation on the basis of 450 ppm $CO_2$-e was thought to generate larger net benefits than 550 ppm $CO_2$-e, particularly later in the century. The Garnaut Review further stated that mitigation efforts that were once thought reasonable now appear to be inadequate.

Australia's mitigation effort is our contribution to keeping alive the possibility of an effective global agreement on mitigation.The Australian Government asserts that its contribution to the global effort will fall in the range of 5 to 15 per cent emissions reduction by 2020. Many well-credentialled critics argue that this falls well short of the commitments needed from Australia.

The MAV will continue to follow the policy debate and development of the CPRS. The MAV will keep members informed of these issues.

The MAV is keen to hear from councils about how they would like to be supported by the Association in working through the challenges presented by climate change. The MAV will convene a roundtable of councils in the first quarter of 2009 to enable the scoping of needed actions to occur.

## FURTHER INFORMATION

To obtain a copy of the White Paper Summary report, full report and a series of fact sheets visit: www.climatechange.gov.au

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**APPENDIX 1 - Comparing carbon pollution reduction targets of different countries**

| Country | 2020 targets | 2020 per capita reduction | 2050 targets |
|---|---|---|---|
| Australia | 5-15 per cent below 2000 levels (4-14 per cent below 1990 levels) | 27-34 per cent below 2000 levels (34-41 per cent below 1990 levels) | 60 per cent below 2000 levels (60 per cent below 1990 levels) |
| European Union | 20-30 per cent below 1990 levels | 24-34 per cent below 1990 levels | 60-80 per cent below 1990 levels |
| United Kingdom | 26-32 per cent below 1990 levels | 33-39 per cent below 1990 levels | 80 per cent below 1990 levels |
| **Proposal** | | | |
| United States (proposal of President-elect Obama) | Return to 1990 levels | 25 per cent below 1990 levels | 80 per cent below 1990 levels |

*Note: Based on UNFCCC emissions data including land use change and forestry; Australia's Low Pollution Future for Australian population projections; UN population projections for other countries.*

**MAV Note:**
A 450 parts per million carbon dioxide equivalent (ppm $CO_2$-e) stabilisation target would require an emissions reduction commitment by developed countries of 32 per cent by 2020 over Kyoto levels; or around 5 per cent reduction per year. Australia's contribution to the global effort should be at least 25 per cent by 2020 from 2000 levels, or 40 per cent per capita.

450 ppm $CO_2$-e is associated with an average global warming of $2^0$C and surpassing such warming is broadly considered the 'trigger' for dangerous climate change.

A 550 ppm $CO_2$-e stabilisation target requires at least a 10 per cent emissions reduction from 2000 levels by 2020 or 30 per cent per capita.

**APPENDIX 2 - Features of the household assistance package**

Key features of the household assistance package are:

- pensioners, seniors, carers and people with disability will receive a 2.5 per cent pension increase (including upfront indexation) an increase of around $382 for singles and $320 for each member of a couple, based on current arrangements
- self-funded retirees will receive an upfront increase in the Seniors Concession Allowance of around $382 for singles and $320 for each member of a couple, based on current arrangements
- recipients of allowance benefits will receive an increase of 2.5 per cent (including upfront indexation) an increase of up to $307 for singles, and up to $276 for each member of a couple (based on current Newstart Allowance arrangements—they will be different for other allowance type income support payments)
- low and middle income families will receive one or a combination of:
  - an increase of $390 in the Low Income Tax Offset
  - an increase in the maximum rate of the Family Tax Benefit Part A of 2.5 per cent (including upfront indexation) an increase of $124.10 per child (child aged 0-12 years) and $156.95 per child (child aged 13-15 years), based on current arrangements
  - an increase in the base rate of the Family Tax Benefit Part A of $115 per child (child aged 0-17 years) and $140 per child (child aged 18-24 years), based on current arrangements
  - an increase in Family Tax Benefit Part B of 2.5 per cent (including upfront indexation) an increase of $98.55 per family (child aged less than 5 years) and $73 per family (child aged over 5 years), based on current arrangements
  - an increase of $150 in the Dependency Tax Offsets
  - a $500 transitional payment per adult for low-income households and others who can show they will not be assisted in accordance with the Government's commitments.
- around 89 per cent of low-income households (or 2.9 million households) will receive assistance equal to 120 per cent or more of their cost of living increase
- around 97 per cent of middle-income households will receive some direct cash assistance. Around 60 per cent of all middle-income households (or 2.4 million households) will receive sufficient assistance to meet their cost of living increase.

Each year, the Government will review the adequacy of the household assistance package in the context of the Budget.

The household assistance package intersects with two existing reviews: the Australia's Future Tax System Review (AFTS), and the Pension Review. In the event that any future changes to the tax and transfer system alter the mechanisms for delivery of direct household assistance, the durability and amount of assistance provided to low- and middle-income households will be preserved.

**APPENDIX 3 - Climate Change Action Fund streams of activity**

**Stream 1: Information**
This stream will focus on informing business and community service organisations about the operation of the Scheme and how to manage the expected financial impacts. It will also assist to address information failures that impede the uptake of low emission practices and processes and energy efficiency opportunities.

**Stream 2: Investment in Energy Efficiency and Low Emissions Technologies**
This stream will comprise three measures to provide funding for low emission technologies and processes and high energy savings projects:

- *Small Business Capital Allowance* to assist investment in energy efficiency enhancing equipment (e.g. hot water, insulation, lighting, motor and drives, combined heat and power, heating, ventilation and air conditioning, and refrigeration equipment) that meets established energy saving criteria. Priority will be given to those small businesses that are not eligible for other forms of assistance.
- *Community Organisation Capital Allowance* to provide small community organisations with assistance to invest in energy efficiency equipment that meets established energy saving criteria.
- *Innovation in Climate Change* to provide competitive grants funding for low emission technologies, production methods, supply chain improvements or products; and high energy savings projects with long pay back periods. Priority will be given to those businesses that are not eligible for other forms of assistance recognising or receive the lower rate of EITE assistance recognising that there may be other situations where assistance is warranted.

**Stream 3: Structural Adjustment Provision for Workers and Communities**
The third CCAF stream will provide structural adjustment assistance in the event that workers and communities are disproportionately imposed by the introduction of the Scheme. The Government will closely monitor the impact of the Scheme on workers, communities and regions and stands ready to provide assistance where a clear identifiable and significant impact arises or is highly likely to arise as a direct result of the Scheme.

**Stream 4: Coal Sector Adjustment**
Coal mine operations with high fugitive emissions have been identified as an industry sub-sector that will not be eligible for other forms of Scheme assistance. Adjustment assistance of up to $250 million over five years will be provided to affected coal mining operators to promote emissions abatement A further $500 million over five years will be provided as direct assistance to gassy coal mines to assist them adjust while they explore abatement opportunities.