

On a per capita basis, Australia's carbon emissions are even higher than the United States. A decade ago, Australia had a climate tax. That was [repealed](#) in 2014, and the ensuing period saw little progress. In the past two years, however, the things have started trending upward after years of inaction by conservative governments. More is needed, but hopefully the tide has turned.

As in the US, Australia's climate policy was long a [victim](#) of a lengthy period of divided government and political upheaval. From 2007 to 2016, control of the Australian House and Senate were generally in the hands of different parties, and the two parties almost never agreed on climate issues. As in the U.S., there has been strong polarization on the climate issue. Little wonder that scholars in 2018 described Australian climate policy has a "festival of misadventure. As in the United States, state governments made some effort to pick up the slack.

By late 2021, after a decade of conservatives control of the executive branch, Australia was ranked [last](#) of sixty countries in terms of climate policy, below countries such as Saudi Arabia and Kazakhstan. The conservatives (confusingly called the Liberal Party) focused their climate policy on relatively small subsidies for cleaner energy. This subsidy scheme was accompanied by something called the [Safeguard Mechanism](#). The Safeguard Mechanism covers facilities emitting over 100,000 tons of CO<sub>2</sub> per year, which altogether accounted for around half of the country's emissions. Facilities that increased their emissions over their baseline were supposed to cut emissions or buy [credits](#) from a voluntary offset market. However, there were a couple of ways that companies could dodge that requirement.

About a year ago, Australia had a change of government, with the Labor Party taking control. The defeated [Prime Minister](#) "once brought a lump of coal into Parliament, passed it around and told fellow lawmakers, 'Don't be scared, it won't hurt you.'" So the change in government was more than welcome. Climate had played a significant role in the election, and Labor was [committed](#) to climate action. In 2022, the Labor coalition [passed](#) a law mandating that Australia cut greenhouse gas emissions 43% below 2005 levels by 2030 and reach net-zero by 2050.

This March, Australia adopted a [follow-up law](#) to implement these targets. The law built on the Safeguard Mechanisms. Rather than simply preventing companies from increasing their emissions, the new law requires annual 5% emission cuts in emissions through 2030. Facilities can satisfy this requirement by cutting emissions or buying credits, either in the existing voluntary offset market or in what amounts to a cap-and-trade system.

The law also provides a new kind of safeguard for the overall performance of the system,

which is designed to ensure that new or expanded sources doesn't have the effect of breaching climate targets. If the Climate Change Minister finds that the annual emission targets will be exceeded, the next step is to revise the safeguard mechanism to get total emissions back on track. The baselines for new sources will be based on "international best practice."

The government [projects](#) that the new law will lead to a 230 million ton reduction in emissions by 2030, equivalent to taking two-thirds of the country's cars off the road. Opponents charged that it amounted to a stealth carbon tax that would decapitate the Australian economy. This seems like Trumpian hyperbole. From the point of view of an outside observer, the law seems calibrated to accommodate industry interests, if anything perhaps a bit too accommodating.

It's ironic that Australia, which has suffered a series of climate-related disasters, has had so much trouble getting its act together. Given Australia's history, a critical question will be the longevity of this new scheme. Polling does seem to indicate growing public support for climate action, however, which provides some reason to hope that we won't see another episode of Australian backsliding.