



PRIME MINISTER
CANBERRA

Reference: B10/1172

Mr Tony Windsor MP
Member for New England
PO Box 963
TAMWORTH NSW 2340

2.8 SEP 2010

~~Dear Mr Windsor~~ *Tony*

On 1 September 2010, I committed to establishing a Multi-Party Climate Change Committee ('the Committee') to consult, negotiate, and report to the Cabinet on agreed options for the implementation of a carbon price in Australia; and to provide advice on, and participate in, building a deep and lasting community consensus for action on climate change. I also further committed that the structure, membership and work plan of the Committee would be finalised by the end of September 2010.

Parliamentary representatives of the Australian Labor Party, the Australian Greens, the Coalition, and independent parliamentarians, who are committed to tackling climate change and who acknowledge that reducing carbon pollution by 2020 will require a carbon price, will be invited to join the Committee. They will be supported by a range of experts.

I have established the Committee on the basis that a carbon price is an economic reform that is required to reduce carbon pollution, to encourage investment in low emissions technologies and complement other measures including renewable energy and energy efficiency.

As noted in the Treasury incoming Government brief, a market based mechanism which prices carbon is the only realistic way of achieving Australia's bipartisan 2020 emissions reduction targets. Pricing carbon will ensure that the transition to a low-carbon economy is as smooth as possible, by creating an incentive to cut carbon pollution and encourage investment in low-emissions technologies.

It will also provide businesses with much-needed investment certainty and make sure that Australia does not fall behind the rest of the world, and therefore relinquish our competitiveness in a global economy - aims I would hope all Members of Parliament agree on.

The Committee will be most effective if it can serve as a genuine multi-party negotiating forum and and, consistent with our agreement of 7 September 2010, I

invite you to participate on the Committee. Given the task of this Committee, it will be important for representatives to commit to working within the terms of reference (Attachment A) and for deliberations and papers to remain confidential to the Committee until a final position is agreed or all parties to the Committee agree otherwise. Members will be asked to sign confidentiality agreements to give effect to this commitment.

As part of the important task of building community consensus around the need for action on climate change and a carbon price, I understand the Committee, at its initial meeting, will determine the best mechanism for keeping the public updated on its work.

I propose to chair the Committee, with the Government further represented on the Committee by the Deputy Prime Minister, the Hon Wayne Swan MP and the Minister for Climate Change and Energy Efficiency, the Hon Greg Combet MP.

The Committee will be supported by four independent permanent expert advisers: Professor Ross Garnaut; Professor Will Steffen; Mr Rod Sims; and Ms Patricia Faulkner AO, as well as a departmental Secretaries' Group, and by the Department of Climate Change and Energy Efficiency and the Treasury.

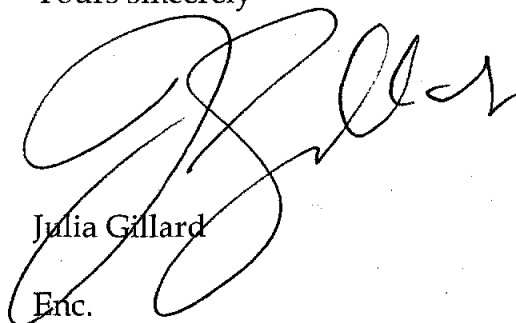
The formation of this Committee should be seized as an opportunity to build for Australians the low-pollution economy of the future.

As you would appreciate, many in the business community are supportive of the introduction of a carbon price, including pre-eminent leaders of industry and finance. I invite you to join with mainstream business leaders and to contribute constructively to the development of this important economic reform.

Action on climate change through the establishment of a carbon price is clearly in Australia's national interest and I would expect that all major parties would seek to be part of this significant economic reform.

Given the timelines outlined above, I would be grateful for your response by 30 September 2010.

Yours sincerely



Julia Gillard
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MULTI-PARTY CLIMATE CHANGE COMMITTEE

Terms of Reference

1. The Multi-Party Climate Change Committee ('the Committee') is established to:
 - 1.1. consult, negotiate, and report to the Cabinet, through the Minister for Climate Change and Energy Efficiency, on agreed options for the implementation of a carbon price in Australia; and
 - 1.2. provide advice on, and participate in, building community consensus for action on climate change.
2. The Committee decisions will be reached by consensus or, if there are differences that remain after good faith discussions, these will be presented to the Cabinet, but with every effort made to produce workable options.
3. The Committee is established on the basis that a carbon price is an economic reform that is required to reduce carbon pollution, to encourage investment in low emissions technologies and complement other measures including renewable energy and energy efficiency.
4. The Committee will consider mechanisms for introducing a carbon price (including a broad-based emissions trading scheme, a broad-based carbon levy, a hybrid of both, and economy-wide and sector-based approaches) and will consider issues such as coverage, international linking, implementation issues, assistance measures for households and businesses (including emissions-intensive trade-exposed businesses) and review provisions.
5. From time to time the Committee, by agreement, may discuss other aspects of climate change policy that would benefit from multi-party consideration and discussion. However, the Committee's deliberations will be broadly limited to the issue of a carbon price.
6. The Committee will be informed by, and responsible for, measures including but not limited to:
 - 6.1. inviting Professor Ross Garnaut to update the Garnaut Climate Change Review and to provide advice on pricing carbon;
 - 6.2. consider the findings of an expert body, which will be tasked with calculating the carbon price equivalent of measures taken by other countries;
 - 6.3. inviting experts to conduct a public forum in Parliament House on the economic, environmental and social impacts of climate change;
 - 6.4. receiving up-to-date date assessments of the science (from the Climate Change Commission, Australian Academy of Science, the Bureau of Meteorology and CSIRO, and eminent scientists);
 - 6.5. considering whether a Citizens' Assembly on Climate Change should be established and, if so, its objectives, format and timeframes; and
 - 6.6. considering the objectives, functions, form and membership of the Climate Change Commission.
7. The Committee will establish a work program that addresses these terms of reference.

8. The Committee will ensure its deliberations and papers remain confidential to the Committee and the Cabinet until a final position is agreed or all parties to the Committee agree otherwise. At its initial meeting the Committee will determine the mechanism by which it will provide updates of its work.
 - 8.1. As part of building community consensus around the need for action on climate change and a carbon price, the Committee may choose to make some of its materials available to the public.
 - 8.1.1. Committee members may not act unilaterally in this regard.
 - 8.1.2. Committee members will be mindful of the need to balance public participation against effective and genuine negotiation.
9. The Committee will meet regularly, usually monthly, until the end of 2011, at which time the ongoing need for the Committee will be considered.
10. In making its recommendations, the Committee shall have regard to:
 - 10.1. the Copenhagen Accord;
 - 10.2. Australia's national economic, social and environmental interests;
 - 10.3. the views and ideas of the Australian people as determined through consultation and public forums;
 - 10.4. the views and ideas of experts, and key stakeholders;
 - 10.5. international trends, including action taken by other countries;
 - 10.6. Commonwealth, state and territory climate change policies; and
 - 10.7. the impacts of, and interactions between, proposed carbon price mechanisms and complementary measures.
11. The Committee will be supported by:
 - 11.1. Up to four permanent expert advisers appointed by the Government to regularly advise the Committee on their areas of expertise;
 - 11.2. a Secretaries' Group, comprising Secretaries of the Departments of Prime Minister and Cabinet, the Treasury, Finance and Deregulation, Resources, Energy and Tourism, the Attorney-General, Climate Change and Energy Efficiency (chair), Agriculture, Fisheries and Forestry, Regional Australia, Regional Development and Local Government, Families, Housing, Community Services and Indigenous Affairs, Foreign Affairs and Trade, Infrastructure and Transport, Innovation, Industry, Science and Research, Sustainability, Environment, Water, Population and Communities, and the Director-General of AusAID, with others participating as required; and
 - 11.3. the Department of Climate Change and Energy Efficiency (in relation to most policy matters), and the Treasury (in relation to modelling, macroeconomic impacts, budgetary impacts and any changes to the tax and transfer systems to compensate certain households for price impacts of any scheme).
12. The Committee would generally meet in the Cabinet room. The Cabinet Division of the Department of Prime Minister and Cabinet will be responsible for minute-taking.