



2020 CLIMATE POLICY TOOLKIT

LIST OF RECOMMENDATIONS

CHAPTER 6. Transitioning Australia to a low-emissions future

1. Develop a long-term climate change strategy that secures Australia's contribution to the achievement of the temperature goals of the Paris Agreement and ensures we make the most of the opportunities arising from the transition to a low-emissions global economy.
2. Include emission reductions and climate resilience as a standing item on the Council of Australian Governments (COAG) meeting agenda.
3. Develop a trade and investment strategy that identifies and leverages Australia's competitive advantages in a net-zero emissions world.
4. Governments should work together to support industries and communities facing an uncertain future to identify pathways for industries to evolve and remain competitive and to exploit new economic opportunities, including:
 - potential infrastructure requirements and supply chain logistics
 - assessment of vocational training needs for new low-emissions industries
 - exploration of opportunities for Indigenous communities.
5. Aim to meet Australia's 2030 Paris Agreement target using emissions reductions achieved between 2021 and 2030.
6. Develop an international climate strategy to:
 - support a strong global response to climate change that minimises physical impacts on Australia and increases international demand for Australia's emerging low-emissions export industries
 - maximise the opportunities for Australia from international trade in emissions reductions, including by:
 - a) identifying potential carbon trade partners, prioritising developing countries in our region
 - b) supporting potential trade partners to build their capacity to deliver low-cost, high-integrity international units
 - c) defining the criteria for and identifying the international units considered to be 'high-integrity' and acceptable to Australia
 - d) establishing quotas on the import of international units to ensure Australia's domestic transition to a low-emissions economy continues
 - e) establishing a timeline for high-integrity international units to be permitted under the enhanced Safeguard Mechanism.

Chapter 7 Preparing for a changing climate

7. In consultation with state, territory and local governments, and drawing on the findings of the bushfire National Royal Commission and the forthcoming CSIRO report on climate resilience, review and update the 2015 National Climate Resilience and Adaptation Strategy to ensure a coordinated and integrated approach, with clear roles and accountabilities, to enhance Australia's climate resilience.
8. Fully integrate consideration of emissions and climate change risks in decision making about government programs, assets and services through frameworks such as the Climate Compass.
9. Implement the strategic actions in the National Climate Science Advisory Committee's Climate science for Australia's future report to get the most out of the Government's investment in climate science and ensure governments, businesses and communities have the information they need to respond to climate change risks.

Chapter 8 Electricity

10. To promote the reliable and secure supply of clean electricity at lowest cost for electricity consumers, National Electricity Market (NEM) jurisdictions should, in the design and implementation of their renewable energy policies:
 - emphasise renewable projects that align with the priorities identified by the Australian Energy Market Operator (AEMO) in its Electricity Statement of Opportunities and Integrated System Plan
 - consider supporting projects located outside of their respective jurisdictions where this will maximise benefits for their electricity consumers and the NEM generally
 - include electricity system security as a criterion in project selection processes, consult with AEMO for advice on security implications of proposed projects and consider supporting system strength remediation measures.
11. The COAG Energy Council should fast-track reforms to facilitate the integration of large amounts of low- and zero-emissions generation and related technologies into the electricity market, focusing on distributed energy resources, integration of storage and demand-side response and timely and efficient transmission and generation investment.
12. The Government's Underwriting New Generation Investments program and bilateral energy agreements with the states should further align with the priorities for generation and transmission identified in AEMOs Integrated System Plan and be supported by rigorous cost-benefit analysis to ensure efficient outcomes for electricity consumers.
13. Identify and implement measures for providing greater certainty on the timing of the retirement of ageing coal generators to facilitate timely investment in replacement capacity and storage and to enhance planning for measures to support local workforces and communities affected by closures.

Chapter 9 Industry

14. Enhance the Safeguard Mechanism to deliver emission reductions from large emitters in industry, with:
- declining baselines with clear trajectories and the ability to trade under- and over-achievement once baselines have commenced declining and are binding
 - targeted, transitional and transparent competitiveness assistance to emissions-intensive, trade-exposed industries captured by the enhanced Safeguard Mechanism where a demonstrated risk of carbon leakage exists.
15. Investigate how best to encourage smaller businesses to reduce emissions, including through assistance to participate in the Emissions Reduction Fund (ERF).

Chapter 10 Transport

16. Reconsider implementing a greenhouse gas emissions standard for light vehicles and undertake a cost-benefit analysis of an emissions standard for heavy vehicles.
17. The forthcoming electric vehicle strategy should aim to minimise barriers to electric vehicle uptake by:
- addressing standards for vehicles and charging infrastructure to ensure interoperability
 - ensuring public electric vehicle infrastructure addresses barriers to uptake for those without access to private charging
 - ensuring adequate infrastructure coverage on highways and in regional areas
 - considering implications for electricity network tariff reform and fuel excise revenue
 - incorporating information about electric vehicle ownership costs in the Green Vehicle Guide
 - promoting the development of a used car market for electric vehicles, including through consideration of reduced import barriers for quality used electric vehicles
 - setting targets for electric vehicle adoption in government fleets.
18. Investigate barriers to shifting freight transport from more emissions-intensive road to less emissions-intensive rail transport and how these can be overcome by government.

Chapter 11 Agriculture and land

19. Land use and agriculture activities should continue to be covered by the ERF crediting mechanism, with credits continuing to be used as offsets for facilities covered by the Safeguard Mechanism and available for use in other (for example, voluntary) markets. The ERF purchasing mechanism should continue until an enhanced Safeguard Mechanism provides a source of demand for credits.
20. Undertake a review of green product standards and definitions being developed in export markets and engage with trade partners to ensure they do not unduly restrict market access for Australian agriculture.
21. Allocate additional funds for research on low-emissions agriculture and carbon farming, including possible new agricultural industries. This would include basic research, applied research (including on new ERF methods) and the development of tools to report on the emissions profile of agricultural activities.

22. Introduce a Land and Environment Investment Fund (that is, a Clean Energy Finance Corporation (CEFC) for the land) to invest in actions to support low-emissions and climate-smart agriculture and associated environmental services.
23. Investigate and implement the most effective incentives to encourage the use of emissions-reducing inputs in agricultural production systems.
24. Together with state and territory governments, continue to coordinate and integrate programs designed to increase mitigation, build resilience to drought and climate impacts, enhance biodiversity and provide benefits for Indigenous communities, including through interjurisdictional partnerships and program linkages.

Chapter 12 Waste

25. Work with the states and territories to reduce landfill emissions by strengthening and harmonising regulations on methane emissions from landfill waste, diverting organic waste from landfill and fully implementing the National Food Waste Strategy.
26. Recognising the benefits of a circular economy approach for emissions reductions, ensure implementation of the National Waste Policy Action Plan considers industry development, the waste hierarchy, research and development needs, training requirements and barriers to adoption; and emphasises the creation of industries in regions undergoing transition.

Chapter 13 Energy efficiency

27. Working with the COAG Energy Council, reinvigorate the National Energy Productivity Plan, with enhanced ambition and additional resources, including by:
 - implementing a National Energy Savings Scheme that builds on existing state and territory energy efficiency schemes
 - accelerating implementation of the Independent Review of the Greenhouse and Energy Minimum Standards Act, strengthening existing performance standards and extending coverage to new categories of appliances and commercial equipment, such as hot water products and pumps, boilers and air compressors
 - accelerating energy efficiency improvements for buildings in the National Construction Code via the Trajectory for Low Energy Buildings initiative
 - developing a detailed action plan for improving the energy efficiency performance of existing commercial and residential buildings via the Addendum to the Trajectory for Low Energy Buildings initiative; and addressing energy efficiency improvements for vulnerable consumers.
28. In partnership with state and territory governments, design and deliver targeted programs to improve energy efficiency in priority groups, such as low-income households and small to medium businesses, through the provision of information, expertise and financial assistance (grants and tax incentives) where appropriate.
29. All governments should pursue energy efficiency improvements in government owned and leased buildings, undertake targeted retrofits and implement steadily rising minimum standards for public housing to improve the energy efficiency performance of the public housing stock.

Chapter 14 Research and development, innovation and technology

30. In developing and implementing the Technology Investment Roadmap:
 - partner with industry and researchers to identify areas where research and development (R&D) support is needed to capitalise on areas of comparative advantage for Australia and to support strategic development of clean technology industries

- continue to fund the Australian Renewable Energy Agency and consider expanding its remit into other sectors requiring R&D for low-emissions technology or practice
- build on Australia's Mission Innovation commitment to double investment in clean technology over the five years to 2020 by undertaking to grow the level of investment further to 2030
- support the development of negative emissions technologies, including R&D and methodology development for inclusion in the ERF

31. Target funding support for innovation in emissions reduction towards harder-to-abate and emissions-intensive, trade-exposed industries and towards industries with well-defined low-emissions goals, targets and pathways.

32. Expand the remit of the CEFC to allow it to invest in emissions reduction technologies in all sectors to help overcome barriers to finance. Restrictions on the scope of the CEFC's activities, its portfolio mix and the financial instruments it can use should be lifted. The Government should consider making further capital injections in the CEFC to fund this expansion.

Chapter 15 Finance and investment

33. Review the data that are necessary to enable industry, investors and business to understand and manage climate-related financial risk and develop and implement plans for addressing gaps and deficiencies in the data.

34. A joint taskforce of the Council of Financial Regulators should:

- develop standard reporting criteria to enhance the quality and usefulness of disclosures under the Taskforce on Climate-related Financial Disclosures framework. To support standardised reporting, the Government should develop standardised national climate scenarios aligned to the Paris Agreement temperature goals
- together with the major accounting bodies, examine the phasing-in and mandatory reporting of climate-related risks and mainstream climate-related disclosures in companies' audited financial statements
- provide regulatory guidance to clarify the duties of institutional investors to consider climate-related risk.

35. To facilitate the development of Australia's green finance market and ensure Australian low-emissions industries, products and services are able to benefit from increased international green investment flows, the Australian Government should consider the recommendations of the Australian Sustainable Finance Initiative when the final report is published, and:

- participate in international initiatives developing global green economy rules and standards
- collaborate with other jurisdictions to ensure alignment and convergence of emerging international classification systems for low-emissions technologies, assets and industries (low-emissions taxonomies) and to ensure Australia's low-emissions exports are defined and included
- assist the finance and investment sector to develop standards and verification processes for green finance products and services, including through possible funding and endorsement.