

The Climate Change Authority
PO Box 1944
Melbourne VIC 3001

11 March 2015

By email: <http://consultation.climatechangeauthority.gov.au/>

Dear Commissioner,

Submission on future Emission Reduction Goals

The Sustainable Business Australia (SBA) welcomes the opportunity to provide a submission to the review by the Climate Change Authority (**the Authority**) of Australia's new Emission Reduction targets. SBA is the Australian Global Partner of the World Business Council for Sustainable Development (WBCSD). SBA's Climate Action position is outlined in **Appendix 1**.

Forward thinking businesses accepts the scientific evidence

Business cannot succeed in societies that fail and therefore it has a vested interest in stable and prosperous societies. Addressing climate change has to be seen as an economic opportunity, not has an economic barrier.

The latest IPCC reports tell us that warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented. The human influence on our climate is clear from the increased concentration of greenhouse gases in our atmosphere, in particular carbon dioxide. CO₂ levels have increased by 40% since pre-industrial times, primarily from burning fossil fuels and net land use change.

Since pre-industrialisation, we have emitted over 582 billion tonnes of carbon into our atmosphere. To stay below 2°C warming, the science is informing us that we must limit cumulative emissions to 1 trillion tonnes of carbon (3.67 trillion tonnes of CO₂). Since 2010 we have surpassed 50 billion tonnes of CO₂ of total greenhouse gas emissions per annum driven by a rising trend from energy demand. At this fixed rate we will have burned through the remaining carbon budget in less than 30 years.

To avert more than 2°C global warming and the associated risks of such scenarios we must stem the rise in greenhouse gas emissions and achieve a net zero emission society by the end of this century. This is a great challenge for us as it implies the transformation of energy, industry, agriculture and forestry systems.

So, while climate change is one of the greatest risks we face, tackling it is also one of our biggest economic opportunities.

The impact of climate change on business and society is already being felt. Left unchecked, climate change will cause damage to facilities; disrupt supply and distribution chains; threaten power supplies; jeopardize the global food and water resources; and add overall

uncertainty to the marketplace thus increasing the cost of doing business. It is clear that fair, equitable, high-quality growth can no longer be sustained unless climate risk is addressed.

To reduce this risk, companies need to find new ways of doing business. The sooner this is accomplished, the less disruptive and more cost-effective the transition will be.

Global and Australian companies have the potential to unleash a wave of innovation in low carbon technologies, creating new products and services, generating employment, reducing energy consumption and increasing savings if the right policies are in place.

This resulting new economy will improve public health, provide greater energy security and contribute to poverty alleviation for billions of people around the world.

Many businesses have already helped kick-start this action by setting ambitious targets, reporting emissions and scaling up low carbon investment. Further action from government will help more and more companies take this to scale.

SBA **urges** the Authority to have regard to the IPCC's findings and outcomes in framing Australia's post-2020 Emission Reduction Goals, as they demonstrate the climate has been changing globally and that prompt actions are required.

Further, the findings of studies by the CSIRO and Bureau of Meteorology need to be considered and embraced as they show the effects, specifically region by region in Australia, causing not only the well-known increase of temperature but also the acidification of the ocean and the extreme weather events. These conditions have already been affecting the Australian economy from tourism to agriculture and it will aggravate, in the future, without proper regulations.

According to IPCC, governments should act quickly and have higher, effective and ambitious objectives setting their policies of decreasing GHG. At the same time, to stay within a 2°C temperature rise (which SBA supports), businesses need to align their strategies based on scientific approach. Business is therefore an important positive contributor to meet targets if they stick to science-based solutions.

Business' response to Goals

In considering the critical work of the Authority of determining the policy direction for setting the new emission reduction targets, SBA believes that it is instructive to consider the key positions and work of counterpart progressive business organisations across the globe, as they represent a significant number of businesses that operate in numerous countries across the global. Below is a selection of business groups and their positions on climate action.

The B-Team

B-Team is a non-for-profit global organization that brings together CEOs and business leaders with the vision of doing business in a better way. They start from their own companies prioritizing the wellbeing of people and the planet.

In the open letter address to the Executive Secretary of UNFCCC, the B-team on behalf of a number of organisations¹ called for bold climate action, in the context of the COP21 in Paris at the end of 2015, to achieve the following:

*“ 1. For governments to commit to a global goal of net-zero greenhouse gas emissions by 2050, and to embed this in the agreement to be signed at COP21 in Paris.
2. For businesses to match this ambition by committing to long-term targets and driving low-carbon solutions to scale – thereby enabling the world to achieve the net-zero 2050 target.
3. For both businesses and governments to adopt meaningful and effective carbon pricing.
4. For governments to end all fossil fuel subsidies, and to shift this capital to help scale affordable renewable energy solutions to enable a wider economic transformation.
5. For both businesses and governments to ensure the benefits of responses to climate change flow to vulnerable and impoverished communities that suffer disproportionately from climate change and are least equipped to cope with its impacts.”²*

WBCSD

The WBCSD is a CEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment. Together with its 200 members and its global network representing over 10,000 companies, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action.

With the goal of limiting global temperature rise to 2°C above pre-industrial levels, the world must, by 2020, have energy, industry, agriculture and forestry systems that, simultaneously:

- Meet societal development needs
- Are undergoing the necessary structural transformation to ensure that cumulative net emissions do not exceed one trillion tonnes of carbon
- Peaking global emissions by 2020 keeps this goal in a feasible range

Are becoming resilient to expected changes in climate.

Specifically the WBCSD have identified a need to develop a mitigation strategy in order to achieve climate stabilization and avoid dangerous climate change, so as not to exceed a 2°C rise in global temperature over the pre-industrial level. This strategy advocates:

1. A halt to the current rise in annual CO₂ emissions by 2020.
2. From 2020 onwards, progressively decrease CO₂ emissions, at an average annual pace of 2.5% to 5% per annum for, respectively, the 1.5 trillion tonne (50%) or one trillion tonne (75%) scenario.

¹ Like for example United Nations Foundation, Unilever, Celtel and The Elders

² B-Team, open letter 5 February 2015, <http://bteam.org/the-b-team/business-leaders-call-for-net-zero-greenhouse-gas-emissions-by-2050> Website accessed 03 March 2015

We Mean Business (WMB)

We Mean Business is an international coalition of organizations (BSR, CDP, Ceres, The B Team, The Climate Group, WBCSD) working with thousands of the world's most influential businesses and investors. These businesses recognize that the transition to a low carbon economy is the only way to secure sustainable economic growth and prosperity for all. To accelerate this transition, we have formed a common platform to amplify the business voice, catalyze bold climate action by all, and promote smart policy frameworks.

Echoing the call of the B Team, WMB call for a establishing a clear long-term global goal that provides the necessary direction to decision makers, such as (net) zero emissions well before the end of the century

Recommendations

SBA therefore believes the Authority should refine the current Target setting to consider the following:

- At its most fundamental level Australia must accept the latest scientific findings;
- Australia must demonstrate a clear commitment to consistently reduce GHG emissions, acting in a co-ordinated and deliberative manner with the global community;
- Australia needs to carefully research the current and proposed Emission Reduction proposals and actions of its key trading and investment partners so as to:
- align with international progress,
- Achieve effective emission reduction plans taking into investor interest in supporting the clean energy economy; and
- Enable new decarbonize solutions leading to new business opportunities.
- Such ambitious, legal and robust targets would help to create a multiplier effect of new markets, new industries and new jobs throughout the rest of the economy.
- Looking at the actions of other nations is only half the picture. The Authority should investigate the business action across the globe where, even in the absence of national action, provinces, states, cities and businesses are putting in place strategies to address the challenge, to enhance climate change mitigation and adaptation, drive energy efficiency and increase the share of renewable energy in the energy mix.

We would be happy to discuss in greater detail our position should this be of value to the Authority.

Yours faithfully,



Andrew Petersen
CEO

Who is SBA ?

Sustainable Business Australia (SBA) is the leading Australian business peak body and think-tank promoting commercial solutions to secure a just and sustainable world.

SBA is a national, Sydney-based not-for-profit, non-partisan business membership association that represents a range of organisations, drawn from all sectors and industries. With our unique, cutting-edge network, we conduct relevant business forums and seminars on key and current issues each year, attracting leading keynote speakers and panellists that include SBA members from sectors relevant to the topic at the time.

SBA is also the Secretariat for the Businesses for a Cleaner Economy (BCE) group, an initiative that began last year comprising major Australian and international corporations and representative associations operating across the Australian economy that strongly support the introduction of a well designed carbon price to support the transition to a low-carbon economy.

SBA's member organisations share a commitment to social and environmental responsibility as well as financial success.

Our public and private sector member base includes leading organisations committed to learning by sharing and providing business leadership in sustainable development.

The value of SBA membership stems directly from our core activity of advancing the business role for sustainable development through action, advocacy and awareness.

Appendix 1

Sustainable Business Australia –Business Statement on Climate Change

Societal Needs

The SBA climate change position provides a foundation for sustainable business strategies.

To avoid catastrophic climate change the people of the world must limit average global temperatures to 2°C above pre-industrial levels. To have a likely chance of achieving this goal it must, by 2020, have energy, industry, housing, transport, infrastructure, ICT, agriculture and forestry systems that, simultaneously:

1. Meet societal development needs, as informed by the WBCSD, by ensuring adequate provision for basic needs for all people, respecting human rights.
2. Undergo the necessary structural transformation ensuring that cumulative net emissions do not exceed one trillion tonnes of carbon. This translates to achieving a zero growth in greenhouse emissions by 2020 and reducing or sequestering emissions to 80% of 2005 levels by 2050; or specifically for Australia, moving from per capita emissions of 24.4 tonnes (in 2012) to between 2- 3 tonnes by 2050, and net zero emissions by the end of the century.
3. Become resilient to expected and likely changes in climate.

Vision

A thriving economy **within** an inclusive and cohesive society **within** a thriving environment.

Mission

Harness the commitment, expertise and networks of businesses committed to lead on and deliver solutions and infrastructural transformation towards a decarbonised economy.

Key messages for business

SBA and its members will

1. **accelerate** and scale up business solutions and action in the transformation/reformation to a low-carbon economy
2. **demonstrate** leading practice and economically sustainable, competitive commercial solutions to climate challenges
3. **leverage** networks to share, develop and collaborate on solutions within and across sectors
4. **enable** our employees, supply chains, customers and communities to minimise and disclose climate and de-carbonisation risks as well as pursue energy efficiency, clean energy, and low carbon solutions
5. **create** awareness to identify, develop and responsibly market technologies, goods and services that are consistent with those required to meet our combined emission reduction commitments

6. **promote** transparency about the progress being made towards SBA's Vision and Mission.

Key messages for policy makers

SBA and its members support:

1. Decisive collaborative action on climate change because it makes good business sense now and for the future.
2. true pricing of goods and services which internalise the cost of pollution, including its monitoring, reporting and verification
3. consistent and effective policies and measures to drive the transition to a low-carbon economy, that incentivise the private sector to innovate and deploy (e.g. market mechanisms) and regulate, enforce and penalise non-compliance (e.g. minimum energy performance standards)
4. independent institutional frameworks that research, develop, commercialise and monitor low-carbon technologies, systems and adaptation responses
5. smart policies for increasing energy efficiency (including in buildings, vehicles and appliances)
6. disclosure of energy and greenhouse gas emissions data across all sources and sinks throughout the economy