



Submission: Climate Change Authority's Targets and Progress Review Draft Report

29 November 2013

The Southern Cross Climate Coalition (SCCC) represents leading Australian social, trade union, environmental and independent research organisations working together to reduce our economy's dependence on carbon pollution as well as to promote solutions to climate change.

The SCCC, which comprises the Australian Council of Trade Unions, the Australian Council of Social Service, the Australian Conservation Foundation and the Climate Institute, believes that avoiding two degrees global warming above pre-industrial levels is in our national interest, and urges government to put into place policies that are consistent with global action to keep warming below that threshold.

Our organisations share a vision for a resilient and equitable Australia that prospers in a low-carbon global economy, and that participates fully and fairly in international climate change solutions.

1. The SCCC strongly supports the Climate Change Authority's (CCA) valuable role as an impartial adviser on Australian climate policy.

Climate policy in Australia has suffered from intense politicisation for over a decade, resulting in continual changes to regulatory frameworks, ongoing business and investor uncertainty, higher operating costs, and until recently, an absence of measures able to achieve Australia's commitment to reduce emissions by 5-25 per cent below 2000 levels by 2020. This commitment has been formally supported by both major political parties, but recent statements have cast some doubt on the current government's approach to this target range.

The risks to Australia of continuing this climate policy politicisation are severe and include significant falling carbon productivity compared with other countries. A fair and equitable transition will be a challenge if action is delayed and there is a consequent need for sudden and steep emissions reductions to keep within desired carbon budgets. The potential for new jobs will not be maximised if low carbon economic opportunities are lost to other, more carbon competitive countries.

If Australia's further climate policy decisions are defined by short-term political exigency at the expense of rigorous evidence-based analysis the following objectives are jeopardised:

- Achievement of Australia's 2020 targets;
- The emission reductions necessary to contribute fairly to global emissions reduction in the post-2020 period;
- Multilateral support for a strong international regime to drive global emission reductions necessary to limit climate change to less than two degrees Celsius
- New industry and job creation opportunities linked to low carbon and energy efficient technologies
- A timely, efficient and equitable domestic shift to a low carbon economy

- Efficient and equitable adaptation to the impacts of climate change across Australian economy, society, and physical assets.

The SCCC strongly values the role of the CCA as an independent entity focused on development of public policy recommendations based on rigorous analysis, with a long-sighted view of the implications of public policy, and with reference to clearly articulated public policy principles. The SCCC views the CCA as essential to ensuring that Australian climate policy development is robust, transparent, and impartial.

The SCCC particularly values the role the CCA plays in ensuring Australia's long-term national interest is incorporated appropriately into review of existing government climate policy, review of the type and ambition of international action, and review of developments in climate science.

2. With Reference to the 'Reducing Australia's Greenhouse Gas Emissions – Targets and Progress Review' report

The SCCC supports the approach the CCA has taken in the preparation of its draft *Reducing Australia's Greenhouse Gas Emissions – Targets and Progress Review*. As the draft report shows, Australia is in danger of falling behind the progress made by comparable countries.

Australian climate policy must be structured around long-term emissions reduction objectives that consider Australia's equitable contribution to global efforts to limit global warming and that are capable of supporting industry, workers and communities in the shift to a low carbon economy. The SCCC believes an appropriate carbon budget must – in recognition of Australia's national interest as a country particularly exposed to climate related damage – minimise the risk that global warming exceed safe climate guardrails.

The SCCC urges the CCA to:

- continue to embrace its role as a body tasked with providing frank, fearless and independent public policy advice to government, drawing on a consistent and transparent application of clearly stated policy assessment criteria, climate science, and appropriate principles of equity;
- recommend a pollution reduction trajectory that can ensure a steady and predictable shift to a low carbon economy for Australia, and that can facilitate the development in Australia of a dynamic, innovative and equitable economy that provides decent job opportunities;
- caution against back-loading pollution reduction to later in the 2013-2050 period and recommend an emission reduction trajectory – linked to robust long term targets – that mitigates against the risk of medium term exposure to carbon budget-driven shocks;
- recommend a climate policy response that allows Australia to fully and fairly participate in international efforts to ensure atmospheric GHG concentrations remain below safe climate guardrails.



Productivity, Fairness and Sustainable Climate Action: Foundations for a Competitive, Low Pollution, Clean Economy

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Photo: ACTU

The Southern Cross Climate Coalition (SCCC) comprises leading Australian social, trade union, environmental and independent research organisations working together to reduce our economy's dependence on carbon pollution as well as to promote solutions to climate change.

Both major political parties currently support reducing Australia's carbon pollution by 5 to 25 per cent below 2000 levels by 2020, dependent on global action. Both also agree that avoiding 2 degrees global warming above pre-industrial levels is in our national climate interest.

Over 190 countries, including the US and China, agree that avoiding 2°C warming gives the world a good chance – but not a guarantee – to avoid the most dangerous impacts of climate change.

Limiting carbon pollution and adapting to a 2°C world presents significant challenges as well as opportunities. However, without strong global action, we are currently on track to at least 4°C of warming. With delay the costs of keeping warming below 2°C or adapting to higher levels of global warming, where that is possible, rapidly rise.

It is critical that there is policy flexibility to achieve the pollution reductions necessary to represent Australia's fair share of global efforts to achieve the goal of keeping the global rise in temperature below 2°C.

Governments around the world are increasingly recognising that it is essential to respond to climate change not only for environmental reasons but for the sustainability and competitiveness of their economies. Prosperity depends on generating maximum value for each tonne of carbon emitted.

The only way to maintain economic competitiveness while reducing emissions is to continually increase the value of each tonne of carbon emitted – to increase carbon productivity.

A focus on improving carbon productivity is a key driver behind the worldwide growth in clean energy investments, energy efficiency measures and low emission technologies. This growth is underpinned by policy advances – taxes, market mechanisms and regulation – designed to limit emissions and internalise the costs of carbon pollution.

Australia's response to these inescapable trends will determine our country's ability to provide prosperity, competitiveness and fairness for Australians now and over the long term. In the coming election, it is essential that all parties' commitments provide a clear and stable pathway to reduce emissions, grow prosperity, create jobs and drive the transition to a clean energy economy.

Carbon productivity is driven by two key factors



energy productivity, which is about using less energy to generate the same amount of economic wealth;



and **carbon intensity**, which is about emitting less pollution from the energy that you use.

The Southern Cross Climate Coalition is an alliance of The Climate Institute, The Australian Conservation Foundation, The Australian Council of Social Service, and the Australian Council of Trade Unions.

Boosting Australia's Carbon Productivity

Australia's energy efficiency and carbon productivity lags other equivalent nations. Australia emits substantially more carbon pollution per dollar of GDP than, for example, the OECD average, and individual countries such as the United States, Canada, United Kingdom and Japan.¹ This is a result of our reliance on emission-intensive energy and the relative inefficiency of our energy use.

The *Clean Energy Future* package provides a mechanism for greater carbon productivity by limiting and pricing carbon pollution. This makes businesses responsible for their emissions and rewards those that invest in efficiency, clean energy and other low pollution options.

¹World Bank DataBank, "CO2 emissions (kg per PPP \$ of GDP)" [web database] <http://data.worldbank.org/indicator/EN.ATM.CO2E.PP.GD>, accessed 8 July 2013.

The package supports a fair transition to the low carbon economy by providing:

- Targeted transitional assistance to trade-exposed industries;
- Programs to support investment in clean energy, energy efficiency and low carbon solutions; and
- Direct support through the tax and transfer system to households, particularly low income families so that no low income households need be financially worse off as a result of the carbon price.

However, the carbon pricing mechanism alone will not drive the step changes necessary to re-orient the domestic economy for long-term success in the required timeframe. In addition, Australia needs to:

A. Reduce emissions intensity

Australia's dependence on fossil fuels means that the emissions intensity of the energy we rely on is high compared to other developed countries. We need to move rapidly to a clean energy economy. This demands a clear and stable suite of policies that encourage investment in clean technologies throughout the innovation chain.

Importantly, these policies and institutions should be removed from political cycles so that they can underpin investment confidence and drive new and low carbon industries and competitiveness in Australia.

To lower economy-wide carbon intensity, the SCCC calls for:

- Bipartisan support for ambitious targets for Australia's emissions reduction to 2020 and beyond that are commensurate with our fair share of the global effort, and our national climate interest, to limit warming to no more than 2 degrees;
- Speedy ratification of Australia's second commitment period Kyoto target;
- Maintenance of a carbon price and limit with targets and caps recommended by Climate Change Authority analysis of Australia's fair share of the global effort;
- Retention of the 41,000 GWh by 2020 Renewable Energy Target and removal of the 2014 review;
- Maintenance of the Clean Energy Finance Corporation and the Australian Renewable Energy Agency to drive investment in R&D, deployment and commercialisation of new clean industries and technologies; and
- Maintenance of the Carbon Farming Initiative and the Biodiversity Fund to abate carbon pollution, enhance management of natural eco-systems and create opportunities for Indigenous Australians on-country.

B. Boost energy efficiency

Investing in energy efficiency boosts economic growth and makes lowering our economy's emissions intensity easier and cheaper. Energy efficiency is particularly important for low income households, where it can reduce vulnerability to rising energy prices, and reduce the health and mortality risks of temperature extremes and sub-standard housing.

To increase energy productivity and drive a step-change in energy efficiency, the SCCC calls for:

- A commitment to improve energy productivity by 30 per cent by 2020;
- The introduction of a national Energy Savings Initiative (or equivalent measure) mandating energy retailers and large industrial energy users to achieve a set level of energy savings each year in the residential, commercial and industrial sectors;

- Funding for the delivery of practical energy saving measures to low income households, including mandatory energy efficiency standards and landlord tax incentives to improve the energy efficiency of rental properties, and assistance to address acute capital barriers that prevent low income people investing in energy efficiency;
- Introduction of emissions performance standards for all new fossil fuel power stations, both coal and gas, and major expansions and refurbishments of existing generations; with the exception of peaking plants that run less than 10 percent of the time; and
- Emissions performance standards for new vehicles to cut fuel costs, keep up with world's best practice and maintain Australia's competitiveness.

C. Underpin industry development

The adoption of low emission and energy efficient technologies and practices is essential for maintaining employment and creating new jobs. This applies to both traditional industries that will continue to play an important role in a low carbon economy, and innovative industries that emerge when investment in clean technologies is incentivised.

To support existing industry while promoting new investments, the SCCC calls for:

- Continued funding of the Clean Technology Programs

which are driving the take up of best practice low emission and energy efficiency technologies and practices across manufacturing;

- Maintenance of the Clean Energy Finance Corporation (as noted above); and
- Support for regional clean technology industrial clusters that draws on the existing industrial fabric and supports workers to gain the training needed to access emerging employment opportunities.

D. Build resilience to climate impacts

Although climate change of more than 2°C is likely to exceed Australia's ability to adapt, even current 'locked in' warming will still expose Australia to severe risks to our natural systems, water supplies, health, economy and security.

Low income households are impacted first and worst by climate change. For example, heat-related health impacts are twice as prevalent in low income households, who are more likely to be elderly or living with a disability, more likely to be living in poor quality housing exposed to higher land surface temperatures, and more likely to struggle to meet energy bills. Other extreme weather events such as floods also inflict great hardship on these vulnerable groups, who are also least able to recover from the loss of services and increased costs of recovery and repair.

To improve Australia's readiness for climate impacts, the SCCC calls for:

- Recognition of 2°C and 4°C climate risks introduced into all appropriate national policies, standards, targets and oversight;
- Adaptation strategies led nationally, with prioritised focus on the most vulnerable groups; and
- Disclosure by federal agencies and major infrastructure owners and proponents of their exposure to and readiness for global warming of 2°C and 4°C.



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The Australian Council of Social Service (ACOSS) is the national voice for the needs of people affected by poverty and inequality and the peak body of the community services and welfare sector in Australia.



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The Australian Conservation Foundation (ACF) is committed to inspiring people to achieve a healthy environment for all Australians. For over 40 years we have been a strong voice for the environment, promoting solutions through research, consultation, education and partnerships. We work with the community, business and government to protect, restore and sustain our environment.



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The Australian Council of Trade Unions (ACTU) represents Australian workers and their families. Since our creation in 1927, we have spearheaded some of the most fundamental workplace struggles in Australia's history, and made a significant contribution to fairness and justice in the community.



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The Climate Institute is an independent research organisation. Our vision is for a resilient Australia, prospering in a zero-carbon global economy, participating fully and fairly in international climate change solutions.



www.climateinstitute.org.au