Dear Committee members,

Climateworks Centre welcomes the opportunity to respond to the consideration of the Climate Change bills by the Senate Standing Committee on Environment and Communications. Climateworks develops expert, independent solutions to accelerate the transition to net zero emissions for Australia, Southeast Asia and the Pacific. Co-founded in 2009 by the Myer Foundation and Monash University, Climateworks is a non-profit organisation working within the Monash Sustainable Development Institute.

Climateworks' Decarbonisation Futures¹ shows that Australia can achieve trajectories compatible with the Paris Agreement climate goals, however those trajectories involve very strong emissions reductions this decade. The window to keep global warming within 1.5 degrees is still open, but narrowing.

SUBMISSION SUMMARY

- Climateworks supports the introduction of the Climate Change Bill and the Climate Change (Consequential Amendments) Bill (the **Climate Change bills**). Climateworks supports the Climate Change bills because legislating targets strengthens the signal to business, investors, trade partners and the community and so increases business confidence. Strong signals sent through legislation are seen as good practice in climate policy,² and the importance of this is highlighted by support from the business community.

- The annual parliamentary statement will provide insight into the success of and focus for policies, spending and programs that enable Australia to meet those greenhouse gas emissions reductions targets.

- Climateworks views the Climate Change bills as a good start in setting up more comprehensive framework climate change legislation such as those in place in Victoria, the UK and other jurisdictions which ensure that the government acts coherently to meet emissions reduction targets. This submission sets out below some areas where Australia’s framework climate legislation could be strengthened.

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As the world strives to meet the Paris climate goals, countries have agreed to continue to ratchet up their emissions reduction commitments. The processes to be established by the Climate Change bills can be utilised by the Australian Government to continue to lift its ambitions, always striving for further reductions in line with climate goals - and make the most of opportunities for Australia's economy from the emerging global net zero economy.

FRAMEWORK CLIMATE LEGISLATION PROVIDES THE 'END GOAL' AND SENDS A CLEAR SIGNAL

Climateworks supports the introduction of the Climate Change bills by the Australian Government and commends the constructive cross-bench support for the bills. Climateworks supports the legislation as a good start in setting up framework climate change legislation.

Climateworks has long been a proponent for framework climate legislation as a valuable tool for codifying greenhouse emissions reduction targets, reporting on progress and embedding an emissions reduction objective across government functions. Such legislation is seen as best practice for climate policy. Climateworks supports a comprehensive framework climate legislation that ‘embeds climate change consideration into all material decisions of government - rather than prescribing the solutions, this approach prescribes the reporting and end-goal, allowing freedom for government to determine the most appropriate actions for the context over time’.

This type of legislation plays a valuable role in setting long-term direction and increases policy certainty for business and the community. By embedding emissions reduction objectives across government functions, it aligns the government's decision making, spending and planning with the emissions reduction objective.

INCREASING AMBITION

As the world strives to limit warming to 1.5 degrees, Climateworks notes that countries have agreed to continue to review their current emissions reductions targets for 2030 and to ratchet up their emissions reduction commitments in the future. Australia will be expected to lift its ambitions further so that it can play its full part in implementing the Paris climate goals.

Climateworks’ scenario analysis shows that Australia can still achieve trajectories fully compatible with the Paris climate goals, however those trajectories involve very strong emissions reductions this decade:

- about 75% reduction below 2005 levels by 2030 for the 1.5 degree scenario; and
- about 50% reduction below 2005 levels by 2030 for the 2 degree scenarios.

The targets currently included in the Climate Change Bill are not yet aligned with these trajectories. For this reason, Climateworks supports the note to section 10 that clarifies that the target of 43 per cent below 2005 levels by 2030 is a minimum. And that the processes to be established in the Climate Change bills can be utilised to allow the government to continue to lift ambition.

TRACKING PROGRESS AND GUIDING IMPLEMENTATION

The annual climate change statement will provide insight into the success of and focus for policies, spending and programs. This will enable the Government to assess its policy responses and make adjustments where needed to ensure effective progress towards greenhouse gas emissions reduction targets.

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STRENGTHENING AUSTRALIA’S FRAMEWORK CLIMATE LEGISLATION

Climateworks supports legislative framework created through the Climate Change Act that sets economy-wide emissions reduction targets for 2030 and a long-term net zero goal, linked with the Paris climate goals and coupled with regular reviews against progress. Climateworks supports the additional functions for the Climate Change Authority to provide regular and transparent advice on progress and target-setting.

A stronger and more comprehensive framework climate legislation could play a powerful role in helping Australia to meet its net zero goals and unlock the opportunities offered by the transition. A more comprehensive framework has shown promise internationally - for instance in the UK4.

Climateworks sets out below some areas where Australia’s framework climate legislation could be strengthened.

1. Explicit provision to revisit the net zero by 2050 target

As discussed above, Australia will be expected to lift its ambitions further so that it can play its full part in implementing the Paris Agreement and climate goals. The Climate Change Bill, as currently worded, enables Australia’s net zero by 2050 target to be revisited to be more ambitious via a new or adjusted Nationally Determined Contribution (this is because Australia’s NDC as submitted includes the net zero by 2050 target as well as the 2030 target). Ideally, Australia’s framework climate legislation would make explicit reference to the potential to strengthen the long-term target. This could be done by a note, similar to the note that relates to the 2030 target at clause 10(1) Climate Change Bill.

2. Strengthening the Climate Change Authority role on advising on targets

The Climate Change Bill provides that the Climate Change Authority can advise the Minister on new or adjusted NDC targets (cl 15(1) Climate Change Bill), and that the Climate Change Authority must be requested to provide this advice at least once every 5 years ((cl 17(2) Climate Change Bill). As discussed above, parties to the Paris Agreement have already agreed that they should revisit their current NDCs over the next few years with a view to making them more ambitious.

These frequent target revisions would be bolstered with the Climate Change Authority’s expert advice in each instance. This could be achieved by providing that the Climate Change Authority shall provide (rather than may be requested to provide) advice to the Minister in relation to Australia’s targets.

It is currently implicit in the Climate Change Bill that each time a new NDC is set, the current NDC could be reviewed too. For example, in two years the Government will be asked to submit its NDC for 2035. At this point, it would be best practice for the current 2030 target to be assessed with consideration given as to whether it needs to be adjusted. Ideally, the framework climate legislation would expressly provide for this, and be clear that the Climate Change Authority, in providing advice to the Minister, shall provide advice on both the new NDC and the NDC that is currently on foot.

3. Further embedding targets across government functions

Climateworks strongly supports framework climate legislation that embeds emissions reduction objectives across all material decisions of government. Climateworks supports the amendment of the 14 pieces of legislation included in the Climate Change (Consequential Amendments) Bill which represents a start on embedding the emissions reduction objective across key agencies and select financing instruments.

In order for Australia to achieve its emissions reduction targets effectively, and to enable Australia to harness the opportunities that the transition offers, it will be necessary to go further in embedding an emissions reduction objective more fully across government operations.

By embedding this objective across government policies, programs and spending, it will help to ensure that government operations are all moving in the right direction towards that objective.

This ‘embedding’ could be bolstered by ensuring consistency in the way the objective is embedded in the 14 pieces of legislation in the Climate Change (Consequential Amendments) Bill. The particular formulations of the amendments to embed the targets across the 14 pieces of legislation varies across those Acts, with some legislation effectively having a stronger emissions reduction objective applied across the Act, and others adding the emissions reductions target as an additional criteria or category without applying the emissions reduction target to pre-existing criteria (this occurs for example in the amendments to the *Northern Australia Infrastructure Facility Act 2016*).

It could be further bolstered by continuing to review and amend additional pieces of key legislation to include the emissions reduction objective.

Finally, and most impactful, would be for the emissions objective to be fully embedded across all government decisions, policies, funding and spending. This could be achieved by including a legislated provision that for all government decisions, regard must have regard to the greenhouse gas emissions reduction targets (noting that a broad formulation goes beyond legislated operations and would extend to decisions around programs, funding, spending etc).

4. Creating duties on Government to implement and report on policies to achieve the targets

Best practice framework climate legislation creates a positive duty for the Minister to set out policy measures capable of achieving the interim targets in a regular report. This ideally flows through to the creation of duties for different ministers across sectors to develop policies targeted at emissions reductions in that sector, with these specific sectoral policies reported on regularly too.

The yearly climate change report under the Climate Change Bill already includes a requirement to report on the effectiveness of the government's policies to contribute towards achievement of the targets. This includes a sectoral lens at clause 12(1)(d) for the assessment of the effectiveness of government policies in reducing emissions by sectors covered by the policies.

In order to create accountability, and contribute positive momentum for the development and implementation of policy to help with achievement of Australia’s targets, similar Ministers’ duties could be established. These could build upon the policy reporting and assessment requirements already contained in the Climate Change Bill, noting that the sectoral policy assessment already required would align well with this. This assessment would assist with the development of sectoral emissions reduction roadmaps and targeted sectoral policies that are found helpful in other countries.

Thank you for taking the time to consider our submission.

Yours sincerely,

Laura Simes
Government and Stakeholder Engagement Manager,
Climateworks Centre
laura.simes@climateworkscentre.org