

Election 2016 - The Climate Institute Policy Priorities

Outcome	Principles	Specific policy recommendations
<p>1. Limit emissions for just 1.5-2 degrees warming.</p>	<p>a) Deliver emissions reductions to meet a <u>carbon budget</u> consistent with a credible contribution to limiting global warming to 1.5-2°C above pre-industrial levels by 2100.</p> <p>b) Achieving net zero emissions will require all sectors of the economy to take responsibility for their emissions and participate in zero carbon opportunities.</p>	<p>i) Use long-term carbon budgets to 2050 to set short-term emissions reductions targets and longer-term goals. Australia’s carbon budget to should be based on a global budget consistent with a >75 per cent chance probability of avoiding 2°C and >50 per cent chance of being below 1.5°C by 2100.</p> <p>ii) Net zero emissions should be achieved well before 2050.</p>
	<p>c) Ratify and implement action on the three core areas of the Paris Agreement: emissions reduction, climate finance and adaptation.</p>	<p>iii) Commit to ratify Paris agreement by end of 2016.</p> <p>iv) Implement national carbon constraints¹, in line with carbon budgets, of net national emissions reductions of 45 per cent on 2005 levels by 2025 and 65 per cent by 2030.</p> <p>v) Scale up the existing ‘floor’ of public climate finance² from around \$200 million per annum to \$1.5 billion by 2020. Australia should develop innovative private sector financing mechanisms to ensure a total of public and private sector financing of around \$2.5-3 billion annually from 2020.</p>

¹ Internationally recognised offsets can be used to meet emissions reduction targets, particularly in the short term. However, international offsets should explicitly be a transitional tool and not replace robust progress towards a net zero-carbon domestic economy before 2050.

² In Paris, countries set a floor on the global climate finance goal of US\$100 billion per year from 2020 to 2025. Australia’s recommended contributions to this are based on The Climate Institute’s view on the nation’s fair contribution. Public finance should have a particular focus on adaptation and our regional partners.

		<p>vi) Build resilience in socio-economic and ecological systems through the implementation of a national adaptation plan that accounts for climate change impacts and vulnerability against:</p> <ul style="list-style-type: none"> ● current global efforts (trajectory to 3-4°C by end of century) ● current international commitments under the Paris Agreement (1.5-2°C) ● less likely but extremely catastrophic events that scientists consider possible <p>The impacts on vulnerable people and ecosystems as well as critical infrastructure should be a priority for consideration in the above.</p>
	<p>d) Setting of national carbon budgets, emissions targets and adaptation plans should be guided by independent, publicly available and evidence-based advice.</p>	<p>vii) Commit to continued funding and independence of the Climate Change Authority.</p> <p>viii) Legislate in CCA Act requirements to consider carbon budgets consistent with the Paris Agreement in an annual reporting of progress against targets and carbon budgets.</p>
<p>2. Grow a net zero emissions economy and modernise energy</p>	<p>a) Ensure timely decarbonisation of energy sector is a strategic priority to enable broader decarbonisation across the economy³.</p>	<p>i) Establish a mechanism to ensure orderly and sustained exit of all traditional coal-fired electricity capacity by 2035.</p>

³ This does not mean that other sectors do not also need to contribute to achieving net zero emissions. For example, legislation to end land clearing, incentives to drive investment in carbon farming, and a phase-out of HFCs from the refrigeration industry by around 2030 are also important.

		<p>ii) Ensure clean energy⁴ accounts for more than 50 per cent of national electricity generation by 2030. Maintain legislated funding for ARENA.</p> <p>iii) Strategically implement policies, such as vehicle emissions standards, encouragement of electric vehicles⁵ and top runner standards, to double Australia's energy productivity by 2030.</p> <p>iv) Review and evolve the energy market to integrate climate and energy policy, and allow improved market responses to new zero carbon technologies, and the clean energy electrification of other sectors.</p>
	<p>b) Remove explicit and implicit subsidies to emitting activities through carbon pricing and/or regulations.</p> <p>c) Policies should be stable, have bipartisan support, support early movers and best practice, and reduce the risks of investing in clean technologies.</p>	<p>v) Establish mechanism(s) which include a clear long-term carbon price signal or penalty that begins to make major emitters take responsibility for emissions and which supports the sustained decarbonisation of major emitting sectors.</p> <p>vii) Conduct an independent review of Australia's explicit and implicit carbon and fossil fuel subsidies, and share outcomes with G20 partners for peer review.</p>

⁴ Defined as non-peaking power generation with an emissions intensity of less than 0.2 tonne CO₂e/MWh. This includes renewables as well as coal and gas with more than 90% CCS

⁵ As a starting point, The Climate Institute recommends Australian standards for vehicles be equivalent to United States CO₂ limits by 2020. Stronger parameters for Australian vehicles may be justified if the costs associated with emissions and the value of emissions reduction are appropriately accounted for. Optimising the benefits of electric vehicle uptake requires a strategy that ensures EV use and supporting infrastructure contributes to decarbonisation of both transport and electricity.

	<p>d) Policies should be fair and:</p> <ul style="list-style-type: none"> ● assist the successful transition of communities that are especially vulnerable to the shift to a zero emissions economy; ● protect vulnerable individuals and communities from disproportionate economic impacts resulting from climate policy, and; ● avoid carbon leakage while maintaining emissions reductions incentives for emissions intensive trade exposed industries. 	<p>viii) Policies to manage impacts on vulnerable people and supporting organisations as well as a well funded and well planned structural adjustment package for emissions intensive regions should be integral to all reforms.</p> <p>ix) Any assistance to emissions intensive trade exposed industries should maintain emissions reductions incentives and be transparent. It should also be regularly reviewed by independent agencies such as the CCA or Productivity Commission to ensure subsidies do not blunt emissions reductions incentives and place unnecessary costs on other parts of the economy.</p>
<p>3. Mainstream assessment of climate and carbon risks and opportunities</p>	<p>a) Take explicit account of the benefits of avoiding climate change impacts in policy design and governmental decision-making.</p>	<p>i) The design and evaluation of policies that reduce emissions should explicitly account for the benefits of avoiding climate change damages with social cost of carbon (or similar tools)⁶.</p>
	<p>b) Transparently and systematically stress test and manage climate change impact and policy risks (e.g. to energy, health, infrastructure, national security) to improve social, economic, and environmental resilience. This should explicitly consider 1.5-2°C scenarios.</p>	<p>ii) Require consideration of climate risks and carbon budgets in all relevant national policy framework development. This would include climate change and/or carbon policy transition risk assessments in the development of the national adaptation plan (see above), intergenerational reports, and in national policy development including energy, defence,</p>

⁶ This can be done through use of either the 'social cost of carbon' or of the 'carbon value' derived from achievement of a 1.5-2°C-consistent long-term emission goal.

		<p>financial sector, overseas development assistance, health, infrastructure and natural disaster response⁷.</p> <p>Consideration in the above should include how to protect vulnerable individuals and communities from disproportionate economic or physical impacts resulting from climate change impacts.</p> <p>Ensure adequate funding is available to maintain and build scientific capacity to undertake the above tasks (e.g through CSIRO and other relevant institutions).</p>
	<p>c) There is a role for financial supervisors in developing guidance for stress testing scenarios and metrics around climate risk. This includes ensuring financial sector policy promotes transparency around carbon risk and physical climate risk, and mitigates against information asymmetry.</p>	<p>iii) Climate change should be integrated into any thorough review of financial sector policy and oversight, such as future iterations of the Financial Systems Inquiry; reviews into the financial implications of natural disasters; and other policy reviews concerning financial risk.</p> <p>iv) Australian financial authorities should be encouraged to undertake specific analysis of climate risk in relation to the financial sector to ensure it minimises exposure to loss from climate change effects and carbon policy risk. This should include an assessment of the need to implement mandatory, Australian-specific disclosure requirement of these risks by corporations and investors.</p>

⁷ These should consider estimates of the impacts and costs of climate change scenarios as set out in 1vi) above.