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SUBMISSION TO THE *CLIMATE CHANGE (NATIONAL FRAMEWORK FOR ADAPTATION AND MITIGATION) BILL 2020* AND *CLIMATE CHANGE (NATIONAL FRAMEWORK FOR ADAPTATION AND MITIGATION) (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL* 2020

27 November 2020

"What was unprecedented is now our future."

- Bushfire Royal Commissioner Air Chief Marshal Mark Binskin AC (Retd), 2020

The Australian Parliament has a valuable opportunity to set in place a clear and achievable national response to the challenges of climate change that affect the lives and livelihoods of all Australians. The proposed reforms are realistic, evidence-based and are in Australia's national interest. They present an opportunity to help mitigate risks of climate change, and support businesses and communities become more resilient to impacts that are now unavoidable.

Importantly, these reforms are supported by leading businesses and financial institutions because they provide a compelling economic opportunity: they will provide greater certainty for investors, support businesses to prepare for a changing future, and help position Australia more competitively within international markets.

The Wentworth Group therefore welcomes the opportunity to provide a submission to the House of Representatives inquiry to reiterate our support for the *Climate Change (Adaptation and Mitigation) Bill 2020*.

A comprehensive scientific evidence base for policy reform

Australia's climate has already warmed by more than 1.4 degrees since 1910.[1] The year 2019 was Australia's warmest and driest year on record, and the seven years from 2013 to 2019 all rank in the nine warmest years.[1] This long-term warming trend means that most years are now warmer than almost any observed during the 20th century. Evidence synthesized in successive reports by the IPCC, the Bureau of Meteorology, CSIRO and scientific institutions in Australia and worldwide show that current pledges to the Paris Agreement, if fully implemented on time, are predicted to result in temperature increases of between 2.7 - 3 degrees Celsius above pre-industrial levels. Without rapid decarbonisation, global temperatures are likely to be even higher.

Climate change will compound existing pressures on our land and water resources, with profound implications for Australia - our cities, coastal regions, agriculture, biodiversity and human health. Bushfires in the summer of 2019/20 alone burnt more than 18 million hectares, killing 34 people directly and leading to the deaths of a further 400 from smoke exposure, destroying nearly 3,000 homes and killing an estimated 3 billion native vertebrate animals. Extreme fire weather is expected to become more frequent and more severe. The status of iconic natural wonders is at risk, including the Great Barrier Reef which has experienced three mass bleaching events in the past five years. The latest State of the Climate 2020 report by the BOM and CSIRO concluded that "Australia needs to plan for and adapt to the changing nature of climate risk now and in the decades ahead."[1]

Coordinated national action is needed

The target of net zero emissions by 2050 from the IPCC special report in 2018 has now been eclipsed: Emissions have continued to rise and the carbon budget has been updated. Emerging evidence shows that the world now needs to reach net zero by 2040. Further, emissions from Land Use and Land Use Change and

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Forestry are projected to increase from their present levels.[2] This combination of factors puts at risk Australia's commitment to reduce emissions by 26-28% below 2005 levels by 2030.

It is in our national interest that global greenhouse gas emissions are reduced in line with the Paris Agreement to hold "the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels". Based on our current trajectory, we have very likely missed the opportunity to meet the 1.5°C target, and unless we halve emissions by 2030 and obtain net zero emissions by 2040 we are in danger of missing the 2°C target as well.

Without a credible, government-led, national approach, businesses and communities are left with no clear policy setting or process guiding the transition, nor will they be best positioned to manage the serious anticipated risks into the future. Over the next 50 years, Deloitte Access Economics estimates the economic cost of unchecked climate change will, in average annual terms, reduce Australia's economic growth by 3% per year and cost around 310,000 jobs per year.[3]

Under the Paris Agreement, the Australian Government committed to reducing carbon emissions by 26-28% below 2005 levels by 2030. This target is considered inadequate on a global scale and is the lowest in the OECD. As a nation, we should commit to achieving net zero emissions as soon as possible before 2040. This Bill provides an important step to progress towards these targets.

Achieving a net zero emissions economy by 2040 in an economically responsible way requires long-term emission reduction targets, measures to ensure continuous target-setting every five years (as used in other jurisdictions) with guidelines, incentives and progress reporting obligations.

The Australian Government has support from industry leaders, rural and regional communities, farmers, indigenous land managers, conservationists and scientists to embrace these reforms. The uptake for the Renewable Energy Target, Carbon Farming Initiative and Emissions Reduction Fund is further evidence of this. This week, the Australian Sustainable Finance Initiative, representing the views of more than 140 participants from over 80 organisations across Australia's financial system, launched a roadmap to reshape the financial system in response to climate change.[4] Such action by industry and the broader Australian community are expanding and gaining momentum.

The benefits of a national climate change act

A national Climate Change Act would have important benefits for Australia as a whole. It would:

- provide a role for governments to guide the transition to a net zero emissions economy;
- guide an emissions reductions path that looks ten years ahead, across all sectors of the economy, and that can be adaptable if policies fail to meet their targets;
- ensure transparent reporting of emissions and progress towards meeting interim Paris Agreement targets;
- allocate responsibilities across government for reporting and climate-conscious planning;
- signal to business, communities and government agencies about emerging opportunities in a low carbon economy;
- align our national policies to achieve the Paris obligations, recognising that climate change was not taken into account when many current laws were developed; and
- provide the basis for a national approach to implementing adaptation strategies that address immediate and longer-term threats of climate change to natural and built assets.

The UK has shown how national climate change legislation can guide institutional action, and not only dramatically cut emissions, but also promote economic growth. Victoria rolled out similar legislation in 2017, one of the first pieces of legislation in the world to be modelled on the Paris Agreement. Deloitte Access

Economics predicts that if Australia adopted a green growth recovery path as a nation, our economy would grow by $680 billion (present value terms) and GDP will increase by 2.6% per annum in 2070.[3]

Governments would still have the freedom to choose interim targets and how to deliver them, but the legislation would create transparency around our obligations. It would also ensure that a transition to a low-carbon future does not risk financial stability.

Regulatory bodies, such as the Australian Prudential Regulation Authority, the Bank of England, and the Financial Stability Board, recognise the necessity for climate change legislation to create confidence in markets. They are already applying pressure to local and international financial markets to improve disclosure of climate risk.

Finally, national legislation would ensure the market and the public are kept up-to-date about progress and future pathways, and how they can be involved in the process along the way. This includes investing in Australia's potential as a new lower-carbon powerhouse.

A national Climate Change Act for Australia would embody this commitment, aligning us with the international process in a policy-flexible framework. Agreement on such an Act would show the Australian public that each party is serious about tackling climate change, providing national leadership, stable direction and on-ground support for the long term benefit of all Australians.

References

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