



7 October 2016

Committee Secretary
Joint Standing Committee on Treaties
jsct@aph.gov.au

Dear Secretary

The Australian Climate Roundtable supports Australia ratifying the Paris Agreement. The many sectors of Australia's economy and society represented by the Australian Climate Roundtable need a climate and energy policy framework that has broad support across the political spectrum and is both scalable and durable.

Ratification of the Paris Agreement would support these shared objectives by demonstrating Australia's clear commitment to reduce greenhouse gas emissions over time. The principles and articles of the Agreement can also help ensure that this is done in a way that is fair and does not place unnecessary burdens on business or disadvantage vulnerable workers, households and communities.

A major economic transition will be needed to achieve Australia's extremely challenging but necessary commitments under the Paris Agreement. All nations committed under the Paris Agreement to take domestic action towards the global effort aimed at "holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change."

The debate among the community, investors and companies has moved from whether climate change is happening to how we can best respond. There is agreement that most economies, including Australia, eventually need to achieve net zero emissions or below in line with the Paris Agreement.

The most serious and immediate barrier to Australia's successful transition is not the technical or economic challenges involved, substantial though they are. It is the absence of broad political agreement on a scalable approach to climate and energy policy. The required reductions in Australia's emissions will require major private investment in long-lived assets. Such investment simply will not take place unless it is underpinned by a credible domestic policy framework that investors expect to last through multiple election cycles. Delayed, unpredictable and piecemeal action will increase the costs and challenge of achieving Australia's goals. It will also exacerbate investment uncertainty and drive capital flows offshore.

The Roundtable has found wide support for its climate policy principles (attached), which address the goals of climate policy and the characteristics of policies to meet the goals.

The Roundtable welcomes the bipartisan support for the Paris Agreement demonstrated across the national political spectrum to date, and encourages a smooth and prompt ratification of the Agreement by the end of the year.

Members of the Roundtable would be available to present evidence to the Committee if the opportunity arose. Erwin Jackson, Deputy CEO of The Climate Institute, would be pleased to work with the committee to coordinate an appearance. He can be contacted on 0411 358 939 or ejackson@climateinstitute.org.au.

Yours sincerely,



John Connor
Chief Executive Officer
The Climate Institute

On behalf of the Australian Climate Roundtable, comprising the Australian Aluminium Council, the Australian Conservation Foundation, the Australian Council of Social Services, the Australian Council of Trade Unions, the Australian Energy Council, the Australian Industry Group, the Business Council of Australia, the Investor Group on Climate Change, The Climate Institute and WWF Australia.

AUSTRALIAN CLIMATE ROUNDTABLE: JOINT PRINCIPLES FOR CLIMATE POLICY

Preface

This document sets out principles to guide the development of sound long term policy to address climate change. These principles reflect extensive discussions between the diverse organisations participating in the Australian Climate Roundtable, encompassing business groups, unions, institutional investors, environmental groups, research organisations and social policy organisations.

The principles address the goals of climate change policy and the ideal characteristics of policies to meet the goals.

The principles spring from the considerable common ground between the existing policy approaches of each group, and have been revised and clarified to ensure that they cover areas of essential need and joint agreement. Each organisation maintains their own existing policy priorities, with which they have judged these principles to be compatible.

The following organisations have agreed to the joint principles:

**Australian Aluminium
Council**

Australian Energy Council

The Climate Institute

**Australian Conservation
Foundation**

Australian Industry Group

WWF Australia

**Australian Council of Social
Services**

Business Council of Australia

**Australian Council of Trade
Unions**

**Investor Group on Climate
Change**

Principles

Goal

Unconstrained climate change would have serious economic, environmental and social impacts on Australia. These costs underpin our assessment of the need for action.

We recognise the major parties' bipartisan goal of limiting global warming to less than 2°C above preindustrial levels. Our overarching aim is for Australia to play its fair part in international efforts to achieve this while maintaining and increasing its prosperity.

Achieving this goal will require deep global emissions reductions, with most countries including Australia eventually reducing net¹ greenhouse gas² emissions to zero or below.

Avoiding unconstrained climate change will provide important benefits and opportunities to Australia. However, emissions reductions on the necessary scale will also require substantial change and present significant challenges for Australia as well as other countries. Delayed, unpredictable and piecemeal action will increase the costs and challenge of achieving the goal. Policy must be well designed to achieve the goal while avoiding these risks. This document sets out principles for dealing with the key issues.

Ideal policy

Policy instruments should: be capable of achieving deep reductions in Australia's net emissions in line with our overall goal; provide confidence that targeted emissions reductions actually occur; be based on an assessment of the full range of climate risks; be well designed, stable and internationally linked;³ operate at least cost to the domestic economy while maximising benefits; and remain efficient as circumstances change and Australia's emissions reduction goals evolve.

Cost control

Policy should allow Australia to meet its short and long term emissions reduction goals at least cost.

To achieve this, policy should:

- drive domestic abatement wherever it is efficient and internationally recognised across all sectors of the Australian economy;
- make use of internationally recognised abatement from overseas to ease the transition towards net zero emissions;

¹ 'Net' greenhouse gas emissions includes the impacts of activities that remove carbon dioxide from the atmosphere (such as carbon sequestration in forests or geological formations), and of international trade in credible emissions entitlements and offsets. Climate change is affected by the total quantity of greenhouse gases in the atmosphere, not their point of origin.

² Greenhouse gases that are a focus for climate policy include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and a range of synthetic fluorinated gases.

³ International linkage of climate policies can take many forms depending on policy type, from trade in emissions offsets or entitlements, to shared regulatory standards or project methodologies, to coordinated tax settings.

- overcome identified market failures and help markets work more efficiently; and
- explicitly account for climate impacts in any assessment of costs and benefits.

Trade competitiveness

Policy should prevent the unnecessary loss of competitiveness by Australia's trade exposed industries and net increases in global emissions that might otherwise occur due to the uneven international application of climate policies.

Innovation

Policy should stimulate and support research, development, demonstration and commercial deployment of new and improved low-emissions technologies and processes to minimise the long term costs, and maximise the economic opportunities, in achieving the long-term goal.

Equity

Reducing Australia's emissions and adapting to unavoidable climate impacts, some of which are already here, involves both costs and opportunities. New opportunities for decent work should be open to all in the community. The costs of climate policy should be spread fairly within the Australian community and policy should:

- protect the most vulnerable individuals;
- avoid disproportionate impacts on vulnerable people, low income households and the organisations that support them; and
- assist the successful transition of communities that are especially vulnerable to economic shocks or physical risks as a result of climate change or climate policy.

Equity should be explicitly addressed in the policy design process, including immediate impacts and those on future generations of Australians.

Stability

To attract and sustain investment over the long term, the underlying climate policy framework should be stable, offer predictable processes for important decisions and enjoy broad political support.

Energy sector

Policy should recognise the strategic importance of reducing emissions from the energy sector in achieving the overall goal. It should provide a credible basis for planning and investment by the energy sector and energy consumers, maintain energy security and avoid sovereign risk.

While the need to reduce energy sector emissions has been widely anticipated, specific policies may create economic shocks that negatively affect businesses. These shocks should be smoothed without negating the incentives created by the policy.

Adaptation

Some adverse climate impacts are already occurring and more will be unavoidable. Systematic assessment, planning and action are needed to adapt to the range of climate change scenarios we face.

Use of revenue

Any revenue resulting from climate policy should be used where cost-effective to address legitimate needs directly related to climate policy, and otherwise be returned to individuals and business in ways that maximise efficiency and do not reduce abatement incentives.

Administration

Compliance costs and regulatory burdens should be kept to a minimum.

Policy should aim to provide transparent information about its operation and impacts, consistent with commercial expectations and the public interest.

Review

Australia needs regular independent review of its emissions policies, its targets (including their consistency with agreed overall goal, and international undertakings) and the efforts of other countries. This should involve full public consultation.