ClimateWorks AUSTRALIA
Level 27, 35 Collins St, Melbourne VIC 3000
P: +61 3 9902 0741 | info@climateworksaustralia.org | climateworksaustralia.org

06 April 2021

Submitted via email: ConsultationTasmania@Jacobs.com

To whom it may concern,

RE: ClimateWorks input to the review of Tasmania's *Climate Change (State Action) Act 2008*

ClimateWorks Australia welcomes the opportunity to provide input to the independent review of the *Climate Change (State Action) Act 2008*. ClimateWorks develops expert, independent solutions to assist the transition to net zero emissions for Australia, South-east Asia and the Pacific. A non-profit organisation, it was co-founded in 2009 by The Myer Foundation and Monash University and works within Monash Sustainable Development Institute.

The independent review of Tasmania's *Climate Change (State Action) Act 2008* provides an opportunity to bring Tasmania's legislation in line with the state's ambition to be a world leader on climate change, and in line with the state's unique emissions profile. If strengthened, the Act can create a clear framework and a set of processes and institutions that will ensure successive state governments continue to act on climate change.

The Act can do this by legislating a target of net zero emissions by 2025, an ambitious negative emissions target for 2050, and a process for setting progressive interim negative emissions targets to meet the 2050 target. This can be combined with legislated processes for: setting interim targets, setting sector and government operations pledges, and periodic reporting on progress towards these targets. The Act can also outline a transparent governance model that specifies the responsibilities of relevant government officials and bodies in achieving the set emissions targets.

Our detailed responses to the questions outlined in the Discussion Paper are set out overleaf. We have focused our responses on the climate change mitigation aspects of each question, rather than the climate adaptation concerns. This reflects ClimateWorks' expertise and knowledge base in Australia. Thank you for taking the time to consider our submission. We would welcome an opportunity to brief your team if you would like to explore our responses in further detail.

Yours sincerely,

Anna Malos
Australia - Country Lead

Simon Graham
Analyst - Sustainable Economies

MONASH University | MONASH SUSTAINABLE DEVELOPMENT INSTITUTE
THE MYER FOUNDATION

Since ClimateWorks' launch in 2009 through a partnership between The Myer Foundation and Monash University, philanthropic support has been key to achieving our mission of catalysing Australia's transition to a prosperous, net zero emissions future. This support continues to allow us to remain truly independent, evidence-based and non-partisan.

The Climate Change Act & State Government response to climate change

1. To what extent should climate change considerations (e.g. greenhouse gas emissions, climate change impacts, climate resilience) influence policies and decisions by State government agencies and government business enterprises?

ClimateWorks' *Decarbonisation Futures* (2020) shows that the emissions reductions required to limit global warming in line with the Paris Agreement necessitate transformational action across all sectors of the economy.

All government policy frameworks should be aligned to emissions targets to achieve this transformational change. Failure to integrate emissions goals in key policy frameworks across government may stop these goals from being achieved, or at the very least, will lead to an inefficient allocation of resources. For example, if emissions considerations are not factored into infrastructure decision-making, infrastructure built today and in the coming years may require costly retrofits or become stranded assets as the economy decarbonises (Infrastructure Sustainability Council of Australia [ISCA], ClimateWorks and Australian Sustainable Built Environment Council [ASBEC] 2020).

Given some level of climate change is already locked in due to global emissions to date, ClimateWorks also considers it important that government policies and decisions take into account projected physical impacts and build the needed climate resilience and adaptation.

Tasmania's *Climate Change (State Action) Act 2008* can provide the guiding vision and framework that will facilitate climate change being effectively incorporated into all government policy.

2. How important is it to you that the Tasmanian government systematically assess and disclose the main risks associated with projected climate change?

It is essential for the Tasmanian government to systematically assess and disclose both the physical and transition risks associated with climate change. ClimateWorks also considers it essential for the Tasmanian government to assess and disclose the transition opportunities associated with climate change.

Transition risks and opportunities refer to the potential consequences for the Tasmanian government, businesses and community as Tasmania, Australia, and the international economy transitions to low/zero emissions. These possible risks and opportunities include but are not limited to:

- changes to the demand and prices for goods and services, including Tasmania's imports and exports
- changes to the supply chains and production inputs for different industries and

activities
- changes to the attractiveness of different geographies, industries, and companies for residents, visitors and employees
- changes to the attractiveness of different industries, companies or projects for investors, lenders and insurers
- potential legal risks for certain activities due to a loss of social license to operate

Systematically assessing these risks and opportunities will ensure the government can adequately respond to changing conditions that may impact Tasmanian industries, workforces and communities. Disclosing these risks and opportunities will assist Tasmanian businesses and households prepare and adapt to these changes, as well as hold the Tasmanian government accountable in aligning their actions with the risks and opportunities identified.

3. How might the Act provide you with confidence that successive State governments will continue to act to contain/reduce Tasmania's emissions and build climate resilience?

Holly Doremus (2010) emphasises the need for environmental law that 'bends without breaking', law that 'combines the flexibility necessary to deal with a changing world with rigidity and accountability'. Similarly, Calabro et al (2018) highlight the importance of Victoria's Climate Change Act's 'emphasis on embedding a strong policy process, rather than prescribing specific policy measures; changing culture and behaviour across government to mainstream climate change in decision-making'.

If amended, Tasmania's *Climate Change (State Action) Act 2008* can lay the legislative foundations for long term action without making strict policy prescriptions for successive state governments.

The key features of an Act that will ensures successive state governments continue to act on climate change are:

- A legislated long term emissions target that covers all sectors of the economy, combined with a legislated process for the setting of interim targets and carbon budgets every five years[1]
- The establishment of a system of periodic, transparent reporting on emissions and progress towards targets
- The establishment of an independent committee that can provide expert advice on future interim targets and progress towards them
- A requirement for government departments and Ministers to make emissions pledges and develop emissions reduction plans for government operations and economic sectors in line with the state's long term and interim emissions targets
- A requirement for the development of periodic state climate change strategies
- A clear governance model that specifies the responsibilities of relevant government

[1] Please see response to Question 8 for ClimateWorks' suggested targets.

officials and bodies in achieving emissions targets

The current Tasmanian Climate Change Act allows regulations to be introduced that prescribe many of the features listed above (e.g. the setting of interim targets) but does not make them mandatory. By making these requirements explicit, government agencies, business and households will have greater confidence and certainty in long term action to reduce Tasmania's emissions, and allow the state to play its full part in Australia reaching net zero emissions in line with its commitments under the Paris Agreement.

4. How might the Act drive further decarbonisation of the Tasmanian economy (e.g. via setting/legislating targets for sectors of the economy, potentially including interim targets)?

See the Act features listed in response to the previous question.

5. If the Act were to espouse principles that would guide consideration of climate change by government, its agencies and business enterprises, what might they be?

The Commonwealth *Climate Change Authority Act 2011* and Victorian *Climate Change Act 2017* provide exemplary principles that can guide the consideration of climate change in government policy.

Part 2, Division 1 of the *Climate Change Authority Act 2011* states that any measures to respond to climate change should:

- be economically efficient
- be environmentally effective
- be equitable
- be in the public interest
- take account of the impact on households, business, workers and communities
- support the development of an effective global response to climate change
- be consistent with Australia's foreign policy and trade objectives

The Victorian *Climate Change Act 2017* is guided by the following principles:

- informed decision making
- integrated decision making
- risk management
- equity
- community engagement
- compatibility[2]

[2] See Part 4 Division 3 of the Act.

Global Climate Action & Tasmania

6. Within the context of global agreements to action to reduce greenhouse gas emissions, what do you consider to be the main roles of the Tasmanian government and how effective do you believe the government has been?

Tasmania has a unique context in that it has already achieved net zero emissions and 100 per cent renewable electricity. Tasmania now has a role to play in showing what emissions policy can look like beyond net zero, setting a new global benchmark of an economy with net negative emissions, and supporting Australia's overall emissions obligations.

It can do this through a focus on:

- Committing to remaining a net zero economy and setting more ambitious negative emissions targets to meet Tasmania's role of being net negative as part of Australia's overall emissions obligations
- Making absolute emissions pledges, and implementing ambitious emissions reduction policies, for sectors that currently have positive emissions such as transport,industry and agriculture
- Developing new low carbon industries, including those with substantial export potential
- Preserving and growing nature-based carbon sinks in order to be able to sell carbon credits to other jurisdictions seeking to offset their residual emissions
- Actively sharing learnings and developments with other jurisdictions to increase their ambition and capabilities

7. What would Tasmania be like in 10 years' time if it was a national or international leader in climate change responses?

ClimateWorks' *Decarbonisation Futures* (2020) shows that this decade needs to be one of transformational action in Australia in order to be aligned to the goals of the Paris Agreement. To be a national or international leader, Tasmania will need to step up its ambition and its implementation of emissions reduction policies.

In ten years time, Tasmania could have had negative emissions for fifteen years in a row. It could have updated the *Climate Change (State Action) Act 2008* to include the features listed in response to Question 3 and the guiding principles listed in response to Question 5. This would include the setting of an ambitious long term negative emissions target, as well as a process for setting five-yearly interim targets. By 2030, Tasmania could have set and achieved one of these interim targets and be on track to achieving the next.

In terms of implementation, Tasmania could, by 2030, have integrated and mainstreamed emissions considerations in all key policy frameworks, including those of departments like Treasury and Finance. These frameworks would recognise emissions reductions as a key

priority and objective alongside existing objectives such as economic growth.

By 2030, emissions pledges could also have been made for all emitting sectors, with clear action plans for achieving these as well as a transparent governance model of departmental responsibility. The emissions pathways for each sector would have been modelled on the requirements for a 1.5 degrees global pathway, and the best ways to unlock the economic opportunities of a clean economy. The Tasmanian government would have engaged business, industry, research and community groups in co-creating the solutions needed to achieve these ambitious targets.

In addition to reducing emissions in key sectors, the Tasmanian government could be operating at zero emissions, or as close to zero as possible, by 2030.

Emissions Targets

8. What would you consider to be an appropriate long-term greenhouse gas emissions or emissions reduction target for Tasmania (in terms of date and level of emissions or emissions reduction)?

Tasmania's net emissions have been below zero since 2015. Tasmania's long term emissions targets should reflect this unique context. Tasmania also has a role to play through its negative emissions profile in enabling cost-effective action for a 1.5 degree compatible emissions trajectory Australia wide. ClimateWorks modelling (2020) shows that Australia needs to be at net zero by around 2035 in order to be 1.5 degree compatible.

Tasmania's current target of net zero emissions by 2050 (combined with a legislated target of 60 per cent below 1990 levels by 2050) is not stringent enough given the state's emission profile and its responsibility at the national level. Point Advisory and Indofur's *Net zero emissions pathway options for Tasmania - Background Paper* (2021) presents two scenarios for Tasmania's emissions to 2050 in which emissions rise substantially between now and 2050. The *Climate Change (State Action) Act 2008* should commit Tasmania to a pathway akin to the third scenario presented in the paper, in which emissions become increasingly negative over time.

ClimateWorks suggests an appropriate long-term greenhouse gas emissions target for Tasmania would be a legislated commitment to net zero emissions as early as 2025, in addition to an ambitious negative emissions target for 2050. Tasmania should act now in seeking independent advice on this 2050 target and an appropriate carbon budget. ClimateWorks suggests Tasmania should set this long term target as soon as possible to give government, businesses and community clarity and confidence in Tasmania's long term climate action. We further recommend establishing a process for setting interim targets and carbon budgets periodically in the amended Act in line with meeting this long-term goal.

9. What (if any) value do you think targets for specific sectors of the economy would offer, including for the sector itself? If you agree with the concept of sectoral emissions targets, which sectors should have emissions targets? Why?

While Tasmania has achieved net zero emissions economy-wide, the emissions of many sectors remain positive and in some cases have risen over the last decade (see, for example, Industrial Process emissions). Furthermore, ClimateWorks' analysis of Tasmania's emission reduction implementation shows that current policies are not aligned to a 1.5 or 2 degree compatible pathway Australia-wide. There is substantial opportunity for Tasmania to reduce emissions in sectors with positive emissions, while also maintaining and protecting Tasmania's nature-based carbon sinks to allow for the future selling of carbon credits to other jurisdictions seeking to offset their residual emissions.

Tasmania's achievements of 100 per cent renewable electricity and negative emissions from Land Use, Land Use Change and Forestry (LULUCF) have the potential to detract focus from other sectors. Victoria's Independent Review Committee (which recommended the establishment of the Victorian Climate Change Act) were of the view that: 'Targets can incentivise action on issues that had previously been given less attention' (Independent Review Committee 2015). Sectoral emissions pledges would maintain focus on all of Tasmania's emissions sources.

Furthermore, Tasmania's negative LULUCF emissions should not be overly relied upon to offset residual emissions. Nature-based carbon sinks are vulnerable to increasingly extreme weather like bushfires and storms. A decreased reliance on offsetting Tasmania's residual emissions would increase the potential economic opportunities for Tasmania in future offset markets as other jurisdictions seek to meet their own emissions commitments through the purchase of offsets.

Sectoral emissions pledges could be made for Industrial Processes and Product Use, Waste, Transport, Agriculture, LULUCF and Stationary Energy Use (Other than Electricity). Making these pledges, accompanied by action plans, will also ensure these sectors capture the opportunities, and mitigate the risks, of the transition as referred to in response to Question 11.

10. What key factors should influence Government decisions to set State, sectoral and/or interim targets?

Effective state, sectoral and interim emissions targets will balance:

- Tasmania's context, in terms of emissions profile and economic factors - both strengths and weaknesses
- the emissions abatement potential and opportunities available in each sector

- the requirements for Tasmania to be aligned to an Australia-wide pathway that is compatible with 1.5 or well below 2 degrees of warming
- the desires and concerns of Tasmania's households and businesses

Stakeholder engagement and modelling of future scenarios that are specific to Tasmania's economy can account for these factors, and provide guidance for the setting of targets, sectoral pledges and action plans.

Low Carbon & Economy & Society

11. What do you consider to be the main risks and opportunities for Tasmania as it continues to transition towards a low/zero carbon economy and society? What risks and opportunities may arise if Tasmania transitions more slowly/more rapidly?

A rapid transition would allow Tasmania to capitalise on its competitive and comparative advantages in new low carbon industries. Due to the state's abundance of renewable energy, Tasmania could be a first mover in the production of renewable hydrogen and other products requiring renewable energy such as green metals. ClimateWorks, in partnership with Climate-KIC Australia, is currently convening the Australian Industry Energy Transitions Initiative, which is investigating opportunities in Australia for these new industries.

Diversifying Tasmania's industrial output in line with the transition will also help mitigate the potential risks related to reduced demand for Tasmania's emissions intensive exports. For example, iron ore represents 8.4% of Tasmania's export portfolio and is used in high-emitting processes; demand for this good may decrease as other jurisdictions and countries reduce their emissions.

A rapid transition to low/zero emissions in each sector of the economy will also have a host of co-benefits. For example, improving energy efficiency and electrifying buildings will save households and businesses on their energy bills and improve health outcomes. Decarbonising transport by switching to electric vehicles will improve air quality and reduce noise.

Conversely, Tasmania faces risks if the transition to low/zero carbon is not coordinated across the economy. One of these risks is that of stranded assets. Most assets built in the coming years - such as infrastructure and commercial buildings - will still be in operation by 2050. If these are not built in line with the state's emissions objectives, they may be stranded or require costly retrofits in the future (Infrastructure Sustainability Council of Australia [ISCA], ClimateWorks and Australian Sustainable Built Environment Council [ASBEC] 2020).

Similarly, Tasmania's workforce will be negatively impacted if education and training does not reflect the industries and skills likely to be needed in a low/zero carbon economy. These risks can be mitigated by integrating emissions goals into all investments and policy frameworks across government.

Tasmania also risks greater costs in transitioning if it delays the process. One set of scenarios estimates that the impact to GDP will be three times greater if efforts to reduce emissions are delayed from now until 2030 (Network for Greening the Financial System 2020). This is the case even when both pathways are aligned to net zero by 2050, and relates only to the economic cost of transitioning in a less orderly manner. It also does not account for the additional costs of increased physical climate change impacts related to delayed action.

12. What do you consider to be the main roles for State government in supporting Tasmania's low/zero carbon transition?

The Tasmanian government has a role to play in setting the overarching agenda and ambition for Tasmania's low/zero carbon transition. It also has a responsibility in facilitating and enabling the state to make the most of its opportunities in a net zero global economy, as well as in accelerating the implementation of emissions reduction solutions for the state's domestic emissions.

The government can set the overarching agenda for the transition through a Climate Change Act that includes the features outlined in response to Question 3 and that is guided by the principles outlined in the response to Question 5.

The government can accelerate the implementation of emissions reduction solutions directly, through government procurement and operations, and indirectly by incentivising low/zero emissions activities (and disincentivising high emissions activities) for business and households.

For example, ClimateWorks' *Decarbonisation Futures* (2020) modelling indicates that in order for Australian states and territories to achieve net zero by 2050, electric vehicles need to represent 50 per cent or more of new car sales by 2030. Substantial government policy intervention will be required to make this transition occur. The Tasmanian government can do this through a combination of transitioning the government fleet in collaboration with other jurisdictions to increase buying power and electric vehicle model availability, as well as through providing subsidies or other incentives for company fleets or directly with the community when purchasing electric vehicles.

Climate Resilience & Adaptation

13. What do you consider to be the main roles for State government in supporting Tasmanian communities, infrastructure, economic activities and environments in becoming more resilient to projected climate change?

ClimateWorks considers it important that government policies and decisions take into account projected physical impacts of climate change as well as those related to the levels of climate change already locked-in by historical global emissions. The Tasmanian government can assist

the Tasmanian society and economy by systematically assessing and disclosing the projected physical risks of climate change that are specific to the Tasmanian context, and enacting policies to mitigate these risks accordingly.

References

Australian Government 2011, *Climate Change Authority Act 2011,* viewed 06 May 2021, *https://www.legislation.gov.au/Details/C2011A00143*

Calabro, A, Niaill, S and Skarbek, A 2018 'The Victorian Climate Change Act: A Model', *Australian Law Journal,* 92(10) 814-821

ClimateWorks 2020, *Decarbonisation Futures,* https://www.climateworksaustralia.org/resource/decarbonisation-futures-solutions-actions-and-benchmarks-for-a-net-zero-emissions-australia/

Doremus, H 2010 'Adapting to Climate Change with Law That Bends without Breaking', *San Diego Journal of Climate & Energy Law,* 45

Independent Review Committee 2015, *Independent Review of the Climate Change Act 2010,* https://www.climatechange.vic.gov.au/__data/assets/pdf_file/0019/55306/Independent-Review-of-the-Climate-Change-Act-2010.pdf. Report prepared under the provisions of the Victorian Climate Change Act 2010 (section 18) by Martijn Wilder, Anna Skarbek and Rosemary Lyster. Authorised and published by the Victorian Government

Infrastructure Sustainability Council of Australia (ISCA), ClimateWorks and Australian Sustainable Built Environment Council (ASBEC) 2020, *Issues paper: Reshaping infrastructure for a net zero emissions future,* https://www.climateworksaustralia.org/resource/issues-paper-reshaping-infrastructure-for-a-net-zero-emissions-future/

Network for Greening the Financial System (NGFS) 2020, *NGFS Climate Scenarios for central banks and supervisors,* viewed 06 May 2021, https://www.ngfs.net/sites/default/files/medias/documents/820184_ngfs_scenarios_final_version_v6.pdf

Point Advisory and Indofur 2021, *Net zero emissions pathway options for Tasmania - Background Paper,* viewed 06 May 2021, htttps://www.dpac.tas.gov.au/__data/assets/pdf_file/0011/573095/net_zero_emissions_background_Paper_-_Final.pdf

Victorian Government 2017, *Climate Change Act 2017,* viewed 06 May 2021, https://content.legislation.vic.gov.au/sites/default/files/2020-05/17-5aa005%20authorised.pdf