



27 June 2013

The Climate Change Authority
PO Box 1944
Melbourne VIC 3001

By email: <http://consultation.climatechangeauthority.gov.au/>

Dear Sir/Madam,

Submission Caps and Targets Review Issues Paper

Thank you for the opportunity to make a submission to the Climate Change Authority's consultation on the Caps and Targets Review Issues Paper.

We apologise for the delay in getting this submission to you, and while we appreciate the deadline for submissions was 30 May 2013, we hope you can still accept our submission, as follows:

Progressive voice of business supports urgent action

SBA considers that policy makers should not have to choose between short-term economic interests and tackling longer-term climate risks.

In considering the critical work of the CCA in determining the policy direction for setting the caps and targets, SBA believes that it would be instructive for CCA to consider the key positions and work of our counterpart progressive business organisations across the globe. These organisations include, but are not limited to, the International Chamber of Commerce and the World Business Council on Sustainable Development.

In particular we note comments made by these two organisations on the issue of setting climate goals and targets in recent months.

International Chamber of Commerce

At the UNFCCC COP 18 / CMP 18 in Doha, December 2012, on behalf of a number of organisations, including SBA, the Chamber made the following statement at Doha:

"In Copenhagen, Parties committed to a goal to limit GHG emissions to no more than 2 degrees. This goal would require truly massive changes in our energy infrastructure and business practices. The private sector stands ready to help make this transformation - if governments set into place the policies necessary to drive these changes.

Are government policies adequate to drive these changes? First, I would like to highlight the findings of two reports.

A report released by the United Nations Environment Programme just last week confirms that concentrations of greenhouse gases reached a record high in 2011 and that the projected emissions trajectory will take us far beyond the 2 degree target. Separately, the latest World Bank report shows that, taking current policies into account, we are on track for a 4 degrees warmer world.

Despite the strong statements of commitment to the 2 degree goal in recent COPs, these numbers demonstrate that current policy actions are far from sufficient to drive the level of investment and business changes necessary to reach the 2 degree target.

A stronger policy should build on what we already know works, including the Kyoto Protocol Framework, market mechanisms, and aggressive national targets.”¹

WBCSD

And in its message issued prior to the COP 18 / MOP 18, the WBCSD stated:

*“Governments need to set **significant ambition** to drive change to reach the “2°C goal” in the framework of the Durban Platform and a post-2020 agreement. National targets and policies supported by the international architecture will feed that ambition through:*

- *The internalization of the carbon externality costs of mitigation and adaptation, across the whole economy as part of comprehensive “Natural Capital” accounting which needs to be developed and implemented*
- *The mobilization of finance at scale for investment in global energy-system transformation, enabled by a clear and appropriate price (direct and indirect) on carbon emissions a set in the WBCSD supported Carbon Price Communiqué*
- *The elaboration of sound adaptation policies which will provide regionally specific information, develop partnerships and capacity building and implement resilience plans.^{2”} [emphasis added]*

SBA believes that Doha did set a signal, albeit weak but nevertheless robust, for this ambition and practical progress on institutions (Global Climate Fund, Technology Mechanism, NAMAs) which will help countries **AND** businesses to act with ambitious national policies and multilateral actions, and so contributing to overcome the current economic downturn through new jobs and growth.

Recommendations

SBA therefore believes the CCA should consider the following:

- At its most fundamental level Australia must demonstrate a clear commitment to clean up the way we generate electricity as early as possible.
- Australia needs to at least maintain its commitment to the 5 to 25 percent emissions cut range as part of a global commitment to fight climate change. As others have pointed out, a 25% 2020 emissions reduction commitment comes at little additional economic cost and would give a clear signal to market players to expect continued, ambitious

¹ ICC, CMP statement 26 November 2012, <http://www.iccwbo.org/Advocacy-Codes-and-Rules/Areas-of-work/Environment-and-Energy/>. Doha-The-United-Nations-Climate-Change-Conference,-COP-18-/-CMP-8/. Website accessed 19 June 2013

² WBCSD, website accessed 19 June 2013

decarbonisation targets. Early action costs less and improves Australia's competitiveness in a world that is fast transitioning to a lower-carbon economy.

- We must not harden our line towards climate policies and dilute environmental targets that are being planned for post 2020. Any calls to place more emphasis on cost-competitiveness and security of energy supplies and less on climate protection totally misunderstand and misinterpret the need to undertake the important step of making deep cuts in carbon emissions post 2020 for our economic well-being.
- Australia should at least maintain its position that it will move above 5 percent when the level of global ambition becomes sufficiently clear, including both the specific targets of advanced economies and the verifiable emissions reduction actions of China and India.
- Looking at the actions of other nations is only half the picture. The CCA should investigate the international business action and cooperation in relation to advancing sustainable business practices, particularly by utilities to enhance climate change mitigation and adaptation, drive energy efficiency and increase the share of renewable energy in the energy mix. These efforts will enable the CCA to better understand how business has created a dialogue and knowledge platform for utilities globally to exchange and promote understanding in achieving energy access and climate goals.
- What is required is a significant manifesto commitment towards a sustainable economy, by pledging to deliver a range of decarbonisation targets
- Such targets would help to drive significant investment in Australia's renewable energy industry and supply chain, and create a multiplier effect of new markets, new industries and new jobs throughout the rest of the economy.
- We hope that all political parties will appreciate the necessity for this, so that a cross-party consensus can be reached swiftly to set an ambitious 2020 decarbonisation target. This would send a strong signal to industry, and crucially to investors, to press ahead with clean energy and energy efficiency projects as a matter of priority.

Our country's economic future depends on Australia showing leadership on energy and climate policy.

We would be happy to discuss in greater detail our position should this be of value to the Authority.

Yours faithfully,



Andrew Petersen
CEO

Who is SBA ?

Sustainable Business Australia (SBA) is the leading Australian business peak body and think-tank promoting commercial solutions to secure a just and sustainable world.

SBA is a national, Sydney-based not-for-profit, non-partisan business membership association that represents a range of organisations, drawn from all sectors and industries. With our unique, cutting-edge network, we conduct relevant business forums and seminars on key and current issues each year, attracting leading keynote speakers and panellists that include SBA members from sectors relevant to the topic at the time.

SBA is also the Secretariat for the Businesses for a Cleaner Economy (BCE) group, an initiative that began last year comprising major Australian and international corporations and representative associations operating across the Australian economy that strongly support the introduction of a well designed carbon price to support the transition to a low-carbon economy.

In addition, SBA is the Australian delivery partner of the United Nations Environmental Programme Financial Initiative.

Our comprehensive membership includes Abergeldie Complex Infrastructure, ARUP, Australian Ethical Investors, Australian Sustainable Business Group, Australian Meat Processors Corporation, Brickworks Pty Ltd, the Council of the City of Sydney, David Jones Limited, the Environmental Planning Law Association of NSW, General Electric, Greening Australia, LJ Hooker, the National Australia Bank Limited, Parsons Brinckerhoff, Object Consulting, Purves Environmental Fund, and Sinclair Knight Merz. And through our MoU with the community organisation, APEX Australia, we provide support for capacity building and knowledge transfer on sustainability to its 33,000 members across Australia.