



Australian Government
Climate Change Authority

17 January 2014

Ms Christine McDonald
Standing Committee on Environment and Communications
Parliament House
Canberra ACT 2600

Dear Ms McDonald

Thank you for the opportunity to make a submission to the Committee's Inquiry into the Government's Direct Action Plan. The Authority's interest in this whole area is perhaps best exemplified by part (b) of the Committee's terms of reference, which identifies the Authority's Targets and Progress Review Draft Report as 'prescribed' reading for this inquiry.

The main conclusions of the Draft Report are summarised at the beginning of that document and in the accompanying media statement. Since the Draft Report was released last October the Authority has consulted extensively with significant stakeholders and worked on the preparation of its final report, which is to be provided to the Government by the end of February 2014 (and released simultaneously to the public).

Rather than repeat the conclusions of the Draft Report – or speculate on the Authority's recommendations in its final report – I would like to mention in this brief submission three general points which I believe all Authority members would support being drawn to the attention of the Committee.

First, major political parties and policy makers/advisers in Australia profess to accept the mainstream climate science, and to view global warming as a problem requiring global actions. For acceptance of the science to mean more than lip service, however, it has to be backed by policy measures commensurate with the challenges identified by climate scientists. Real acceptance of the science would be accompanied by concerted action now and into the future to reduce the risks of dangerous warming of the planet over the decades ahead.

In its Draft Report the Authority argued that a greenhouse gas emissions reduction target of 5 per cent by 2020 (compared with 2000 levels) was inadequate, and that a somewhat tougher target was called for. The final report will detail the Authority's recommended 2020 target, together with guidance on emissions reduction goals beyond 2020.

By the same logic, acceptance of the global dimension of climate change is not served by some of the countries concerned (including developed countries with relatively high per capita emissions, like Australia) sitting on the sidelines, waiting for others to make the running. All countries have to be prepared to carry a fair share of the burden of adjustment, necessitating active – if often torturous – participation in relevant international forums. The global dimension of the challenge also supports the case (along with other considerations such as lower costs), for part of Australia's emissions reduction target being met through the purchase of genuine international emissions reductions.

Part (a) of the Committee's terms of reference address aspects of the Government's Direct Action Plan. The Authority has not examined the merits of this Plan, partly because the Authority's primary focus has been on what Australia's emissions reduction targets should be, and partly because many of the details of the Plan are still to be clarified. (Even the label 'Direct' is not without ambiguity: the implication seems to be that 'direct' action is in some way superior to 'indirect' action but the dividing line can be blurred. Is a price on carbon, for example, less direct (and less effective) than planting more trees?)

The substantive point here is not the classification of different measures but the array of possible measures available to policy makers. This leads to the second general observation I would like to register with the Committee. In the Authority's view, the importance and complexity of climate change issues argues for the broadest possible set of policy tools, to be utilised according to their likely cost-effectiveness in particular situations. To use another (but still imperfect) classification, this policy tool box should comprise 'market' measures (including various forms of explicit carbon prices, emissions trading schemes, auctions and reverse auctions) and 'non-market' measures (including regulations, efficiency standards, grants/subsidies and education programs).

At the same time, the overall policy framework needs to be capable of engendering a sense of predictability and sustainability. This is critical if private investors (and their financiers) are to have the confidence necessary to commit to often large scale and long life investments in carbon reducing projects. Ultimately this calls for a broader political consensus on climate change policy than has been evident in Australian to this time.

Thirdly, Authority members are sometimes asked about their reactions to the Government's proposal to abolish the Climate Change Authority, and to rely on in-house sources of advice. All members accept, of course, the Government's prerogative to seek to dismantle advisory bodies like the Authority as it sees fit. That said, it is puzzling – particularly given the complexities and far-reaching ramifications of climate change – that any government should choose to deny itself access to informed and balanced advice from an independent body like the Climate Change Authority.

Government departments and like bodies are obviously major sources of advice on climate policies. At the same time, well constituted and resourced bodies – I believe the Climate Change Authority is of that ilk – can augment that 'official' advice in ways which add value to any government interested in getting the best possible spread of considered and independent views. First, and as hard as official bodies might strive to provide independent advice, their being part of the everyday government process can be, in practice, a real constraint – certainly compared with a statutory body whose independence is explicitly acknowledged (and required) in legislation. Secondly, departments and other official bodies reporting to Ministers and caught up in the demands and timetables of on-going government business have less opportunity and flexibility than good statutory bodies to conduct the depth of research and consultation which is critical to providing informed and balanced advice.

The Authority would be happy to participate in the Committee's hearings, should that be the Committee's wish.

Yours sincerely

Bernie Fraser
Chair