

Submission to the House Standing Committee on the Environment and Energy regarding:

- **Climate Change (National Framework for Adaptation and Mitigation) Bill 2020**
- **Climate Change (National Framework for Adaptation and Mitigation) (Consequential and Transitional Provisions) Bill 2020**

It is widely accepted that for Australia to play its role in keeping global warming below 2 degrees a net-zero economy will need to be achieved by 2050 (eg https://www.climateworksaustralia.org/wpcontent/uploads/2015/11/a_prosperous_net-zero_pollution_australia_starts_today-1.pdf).

By committing to a 2050 net zero emissions target Australia will not only be positioned to play its role in keeping global warming below 2 degrees, it will achieve an economic benefit from doing so. In a nutshell, there is no trade-off:

1. Australia needs to take action to address climate change according to the SDG scorecard

The United Nations’ Sustainable Development Goals (SDGs) seek to achieve a fairer, more resilient and sustainable world for all. The 17 goals, with 169 associated targets, address a range of global challenges including those related to poverty, inequality and climate. The goals were compiled by stakeholders at all levels of civil society, government and business from many countries. In September 2015, all 192 United Nations countries, including Australia, committed to achieving these goals by 2030.

According to the most recent Sustainable Development Report (<https://dashboards.sdindex.org/>), Australia’s efforts on Climate Action (SDG 13) are a “Major Challenge”, and progress is “Stagnating”:



Notes: The full title of Goal 2 “Zero Hunger” is “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”.
The full title of each SDG is available here: <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

2. There are economic benefits from taking climate action and costs from inaction

Australia has the opportunity to become a “renewable energy superpower”, as has been documented by the likes of prominent thinkers such as Ross Garnaut (<https://www.rossgarnaut.com.au/australian-economy/superpower-australias-low-carbonopportunity/>).

There are economic benefits from taking action and costs from inaction. For example, a recent Deloitte report estimates that (<https://www2.deloitte.com/au/en/pages/economics/articles/new-choice-climategrowth.html>):

- If climate change goes unchecked, then Australia’s economy will be 6% smaller and have 880,000 fewer jobs by 2070.
- Delivering net zero by 2050 could add 680 billion (in present value terms) and grow the economy by 2.6% in 2070, adding more than 250,000 jobs.

3. Renewables are achieving significant capital cost reductions

The capital costs of renewables continue to decline through technological innovation and scale. For example:

- according to the 13th edition of Lazard’s Levelized Cost of Energy Analysis (<https://www.lazard.com/perspective/lcoe2019>) the capital costs of onshore wind and utility-scale solar are now at the point where they beat, or at least match, even the marginal costs of coal-fired generation and nuclear power.
- ARENA is funding renewable hydrogen projects to drive down the cost of producing renewable hydrogen through commercial scale electrolyser projects (<https://arena.gov.au/blog/70-million-hydrogen-funding-round/>).

4. The Government’s Technology Road Map is important but insufficient

Whilst the Government’s technology road map provides a comprehensive description of the technologies that will be necessary for Australia’s transition to a low-emissions future (<https://www.industry.gov.au/data-and-publications/technology-investment-roadmap-firstlow-emissions-technology-statement-2020>), it is impossible to know whether the road map in itself will drive the emissions reduction that is required to meet net zero emissions by 2050 without a defined target (<https://grattan.edu.au/news/technology-roadmaps-wontdrive-us-to-clean-energy/>).

5. Publicly Listed Companies are already making Net Zero Commitments

Melior Investment Management (<https://meliorim.com.au/>) estimates that approximately 9% of ASX 300 listed companies have already made net zero emissions targets. These companies are making emissions reductions commitments for similar reasons that Australia should make a net-zero emissions commitment; not only do they want to make a contribution toward mitigating climate change, but there are financial benefits from these commitments, such as lower energy costs.

Melior Investment Management Pty Ltd

ABN: 16 629 013 896

P: +61 2 9004 6071 | E: info@meliorim.com.au | W: www.meliorim.com.au