



November 8, 2021

AUSTRALIANS WORKING TOGETHER FOR A SUCCESSFUL TRANSITION TO NET ZERO EMISSIONS

STATEMENT BY THE AUSTRALIAN CLIMATE ROUNDTABLE

Limiting climate change to well below 2 degree C temperature rise and ideally 1.5 degrees C as targeted in the Paris Agreement is much more than just possible, it is vital for future Australian and global economic, social, and environmental prosperity. Achieving that goal requires multiple significant transitions across our economy and society. We know with such large-scale transition there will be challenges and risks, but if designed well, the transition can provide important benefits and opportunities. It will not succeed if people experiencing disadvantage, workers and communities are left behind or fear they will be. The journey to net zero emissions by 2050 will require combining the perspectives, expertise and experience found across many different sectors and constituencies.

That is why the Australian Climate Roundtable's members have been working together for more than a year to build our shared understanding of a successful economy-wide transition to net zero emissions by 2050. As a collaboration among leading organisations representing business and industry, farming, investment, union, social welfare and environmental sectors, the ACR has held joint workshops that brought our members together with invited experts from many parts of Australia and around the world to describe what successful transition to net zero could look like for different sectors of the economy and segments of the community.

These followed a [similar workshop series](#) in 2019-20 examining the wide-ranging costs and impacts of climate change itself, on the basis of which we concluded:

“The scale of costs and breadth of the impact of climate change for people in Australia is deeply concerning and will escalate over time. It is in Australia's national interest that we do all we can to contribute to successful global action to minimise further temperature rises and take action to manage the changes we can't avoid”

We learned a lot in this current series of workshops. The results include the following recommendations for policy makers:

Recommendations for Ambition

The ACR acknowledges the Australian Government's firm commitment to net zero emissions by 2050 as a first step. This will help guide public policy and private activity, and is consistent with our previous recommendations.

Raising Australia's medium-term emissions mitigation goals, and updating them regularly, is also necessary to:

- provide a clear and credible basis for action and investment;
- maintain our competitiveness amidst a growing global transition; and
- meet our Paris Agreement commitment to ensure our successive Nationally Determined Contributions reflect our highest possible ambition, and represent our fair share in limiting costly and dangerous climate change.

Recommendations for Action

The ACR welcomes the increased resources and activity Australian governments are devoting to addressing climate change. Further enhanced and expanded policy approaches are needed to drive a successful economy-wide transition to net zero emissions, and ensure people experiencing disadvantage, workers and communities are not left behind and ideally benefit

The ACR's [principles for climate policy](#) should guide policy design.

Innovation remains critical to identify low, zero and negative emissions options, improve their capability and reduce their costs. Support for basic and applied research, demonstration and commercialisation is important. Deep reductions in cost will be driven by the large-scale deployment in Australia and around the world. Policies to support deployment of the most promising technologies are needed that:

- collectively address all economic sectors and regions;
- are large enough to drive meaningful change consistent with medium and long term goals;
- provide a sound basis for private investment;
- support the growth of demand for low, zero and negative emissions products; and
- support broad access and opportunity

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. But deferring change will not resolve these fears and may worsen trade risks, given the impacts of other nations' climate transition choices on Australia's export industries.

Successful transition for workers, communities and people experiencing disadvantage will require more than new technology and market uptake. Earning community confidence requires proactive and well-coordinated policies and investment to manage change and seize opportunities. Actions that can reduce emissions and improve social, health, employment outcomes for people and communities most affected and those experiencing disadvantage, should be identified and prioritised. Public authorities with a

broad mandate and funds to manage transition impacts and facilitate diversification should be established in advance of expected major regional transitions.

Recommendations for Process

The further development of Australia's climate strategies, and the policies under them, should be iterative, integrated and inclusive:

- Iterative, with regular updates to ensure they remain relevant given the rapid pace of technological, market, social and global developments;
- Integrated, taking coherent account of the needs and interconnections of the diverse economic sectors, policy portfolios, geographic regions, social demographics and arms of policy involved. Approaches that are narrow or siloed will not succeed.
- Inclusive, developed in full dialogue with all parts of the community and ensuring local context analysis to understand existing capabilities and competitive advantages in specific regions. Closed processes focussed on Parliamentarians will be much less robust and effective than open processes that draw on the breadth of experience, expertise and perspective stakeholders have to offer.

Working together has helped our diverse organisations and our respective members better understand the critical importance and breadth of the transitions that we are embarking on. We are confident that Australians can make this journey together and build our shared prosperity. We will continue to collaborate to this end as Australia moves to implement, and further strengthen, the commitments taken to Glasgow this year.

Quotes by Individual Organisations

"A range of familiar, improved and emerging technologies can support industry's journey to net zero emissions. If business and government can match ambition with investable policy frameworks for the large-scale deployment of capital, Australian industry has bright prospects in a decarbonising world."

Innes Willox, Chief Executive, Ai Group

"Cutting emissions in the next decade matters when it comes to climate change. Our government can either take climate action now and cement Australia as a global clean energy superpower or stay in the slow lane and risk everything. We cannot afford to delay any longer."

Kelly O'Shanassy, Chief Executive Officer, Australian Conservation Foundation

"Australia needs a fast, fair and inclusive plan to ensure people on the lowest incomes, impacted workers and communities are supported and benefit from the transition to a clean energy future. Technology and markets alone are not enough. We have an opportunity to tackle climate change and reduce poverty and inequality at the same time, it's both socially and economically the right approach."

Cassandra Goldie, Chief Executive Officer, Australian Council of Social Service

"Clean energy and secure jobs are winnable for Australia if we get the transition to a net zero emissions economy right. That will take ambition, planning, and collaboration, but above all, making sure the voices of workers and communities are front and centre."

Michele O'Neil, President, Australian Council of Trade Unions

“An economy-wide net zero target for 2050 is an important milestone for Australia and should be the catalyst for the broad decarbonisation effort required. Importantly, we can now all focus on the best ways to make the transition, along with the right policies and mechanisms.”

Sarah McNamara, Chief Executive, Australian Energy Council

“Ambitious action to reduce emissions isn’t just critical for the environment, it is our path to a stronger and more competitive economy that delivers more jobs in our regions and cities. With coordination of action and certainty, we can achieve a net zero emissions economy in a way that harnesses Australia’s abundant natural resources to boost our exports, drive investment in new technologies and secure our economic future.”

Jennifer Westacott, Chief Executive Officer, Business Council of Australia

“The global net zero transition that is underway is a huge opportunity to create jobs and boost prosperity for the countries that act. Australia needs to match major trading partners in raising ambition on its 2030 emissions reduction target and supporting policies to attract investment into our economy and industries. A combination of climate action and social inclusion, which creates decent and quality jobs, net zero emissions and thriving communities, should be a priority for the Federal Government, investors and all stakeholders.”

Rebecca Mikula Wright, Chief Executive Officer, Investor Group on Climate Change

“Australian agriculture continues to transition to a lower emission economy. Key sectors, with government, continue to invest in innovation and practice change to ensure that any transition for agriculture is devoid of regulatory limitations, is economically sensible and continues to drive increased productivity.”

Warwick Ragg General Manager NRM, National Farmers Federation

“Australia faces some of the most extreme climate risks, but also the greatest opportunity. Seizing the full scope of opportunities in front of us will require an unprecedented scale of action and leadership from the Federal Government. Australia is uniquely placed to thrive in the global net-zero economy, but we need investments and policies to match the scale of our ambition and potential.”

Dermot O’Gorman, Chief Executive Officer, World Wildlife Fund Australia

The notes and presentations from the workshops are available [here](#).

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SUMMARY OF ACR WORKSHOPS ON SUCCESSFUL TRANSITION TO NET ZERO EMISSIONS

The following are key points made by participants in climate transition workshops held by the Australian Climate Roundtable with our members and invited experts over 2020-21.

Economy-wide perspectives

- Achieving net zero emissions touches on every sector and involves many transitions, not just one in electricity generation. All sectors need to be included in dialogue and the design and implementation of policy.
- All communities need confidence that they will be treated fairly and equitably in a transition, and ideally benefit from it.
- Australia should not wait for ideal policies but work with and improve achievable policies at all levels of government.
- We can seize new opportunities where the underlying economics are favourable. Where they are unfavourable, we need to seek different opportunities.
- Alternative technologies will prosper if investors expect a premium for low emissions or a penalty for high emissions.
- Australia should be proactive and strategic in our responses. We should not simply leave it to other countries to make decisions for us.

Electricity perspectives

- The cost of renewable electricity generation has decreased significantly in recent years. This needs to be matched by similar declines in the costs of the flexible resources that firm renewables.
- There is an opportunity to create a cleaner, affordable, dependable, and inclusive energy system.
- The biggest opportunity to decarbonise many activities, including transport and many industrial processes, lies in the direct or indirect use of decarbonised electricity.
- The pace of change in our electricity sector is high and thermal generation are likely to retire earlier than previously expected. Managing this rate of change and the investment required to support a grid with high penetration of variable renewables requires significant and coordinated reforms.
- Worker and regional transitions related to thermal generator closures should be prepared ahead of time, not left until closures are imminent. Support should be flexible, tailored to the needs expressed by affected people, and include long term commitments to regional success.

- The costs of the transition must be allocated equitably and targeted policies will be needed to ensure people experiencing financial disadvantage can access and benefit from new energy technology, products and services.

Industry perspectives

- There are many relevant technological options and pathways for different industry sectors. Important reductions are already possible, but further innovation remains necessary to achieve deep decarbonisation.
- Visible, credible demand for low, zero or negative emissions products is essential to underpin investment in their production. This exists for some commodities but is nascent for others.
- Large long-term investments are needed for successful transition, and supportive policies need to be investment-grade.
- Solid data about supply chain emissions and confidence in integrity are essential for low-carbon products to be viable and competitive.
- Industry workforce skills require attention. Training new workers and updating existing worker skills are needed for new technology and growth. But broader trends of digitalization and automation may change skills needs as much as or more than cleantech uptake.
- Maintaining trade competitiveness is very important. Growing international commitments to net zero emissions reduce the risk that domestic action will compromise our competitiveness; increase the competitive risks of failing to act; and create opportunities to grow the domestic production of decarbonised energy-intensive products.

Regional and heavily impacted community perspectives

- Communities with emissions-intensive economic bases exposed to climate transitions are shifting from “Is this happening?” to “How are we getting through it?”, including by capitalising on low-carbon opportunities.
- References to a ‘Just Transition’ mean different things to different people. Sometimes it is seen as positive and inclusive, sometimes as controversial or exclusive. The substance of fair and inclusive action matters more than terminology.
- Diversification of regional economies is a focus of every transition strategy. Interest in diversification precedes full agreement on risks. There can be many opportunities, and they are not limited to specifically ‘clean economy’ activities. There can be a tension between demand-led policies versus strategic choices.
- Broad, genuine involvement of stakeholders is central. Regionally led approaches in partnership with State and Federal support can be powerful.
- Time to prepare can be valuable, but this needs to be coupled with a sense of urgency. Community understanding and sentiment moves faster than political systems.

Perspectives from people experiencing disadvantage

- The impacts of climate change, mitigation policy and economic transition are not evenly distributed. There are many forms of vulnerability that can leave people more exposed and with fewer resources to draw on for resilience.
- Ensure that costs associated with acting on climate change are allocated equitably and people experiencing social or financial disadvantage are not worse off, and ideally are better off.
- Action on climate change is an opportunity to build a more fair and inclusive future. Solutions to climate change can also be part of solutions to problems like energy poverty, a lack of secure sustainable jobs, and poor health.
- Identify and prioritise actions that can reduce emissions and improve social, health, employment outcomes for people experiencing disadvantage.
- Solutions and support need to take account of the different circumstances of vulnerable people and communities, engagement and consultation is critical
- Low carbon economy projects need to be managed as responsibly as any major development. Development should ensure participation and co-benefit by local and affected communities, and win their informed consent before projects proceed.

Agriculture perspectives

- Agriculture is complex and enmeshed with other sectors.
- A successful agriculture sector and a transition to climate neutrality go together. They do not need to be in conflict.
- Individual farmers can improve opportunity and resilience through activities that reduce emissions. Broader co-benefits of abatement, such as improved biodiversity or strengthened regional economies, are possible and very desirable. However, achieving them depends heavily on policy design.
- Research and development remain a big priority to reduce key uncertainties and to improve both agricultural solutions (for instance around livestock methane reduction) and performance monitoring (for instance around measurement of carbon sequestration in landscapes).