

UNFCCC Taskforce  
Department of the Prime Minister and Cabinet  
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## **Submission to Australia's Post-2020 Emissions Reduction Target**

### **Who we are**

Australian Ethical Investment Ltd. was established in 1986 for the purpose of environmental and socially responsible investment management. Today we manage over \$1 billion in superannuation and funds for over 25,000 Australians.

We are the leading superannuation fund in taking action on climate change. In 2014 we became the first Australian superannuation fund to join the Portfolio Decarbonisation Coalition launched by the United Nations Environment Program Finance Initiative. Through this initiative we have made a commitment to reduce the net emissions of our entire investment portfolio to zero by 2050. We are also actively investing in the solutions to climate change including renewable energy, battery technology and energy efficiency.

Our commitment to a portfolio with zero emissions requires policy settings that encourage business to support low carbon investment opportunities within Australia.

It is in this context, underpinned by our deep concern for future generations, that we put this submission forward for your consideration.

### **Our responses to the questions posed by the UNFCCC Taskforce**

**What should Australia's post-2020 target be and how should it be expressed? In responding to this question you could consider the base year (e.g. 1990/2000/2005), the end year (e.g. 2025/2030), the type of target and why the suggested target is preferred.**

Around the world momentum is growing to tackle climate change. Last year China and the US forged a historic agreement to take decisive action on climate change. Later that week President Obama delivered his G20 speech in Brisbane where his message was clear:

*"The United States and Australia have a lot in common and one of the things we have in common is we produce a lot of carbon... Historically we have not been the most energy efficient of nations, which means we've got to step up."*

The majority of Australians share this view, with 63% of Australians believing the government "should be taking a leadership role on reducing carbon emissions" (Lowy Institute). We call on the Government to listen to this message.

In setting our target we should remember the purpose of the United Nations Framework Convention on Climate Change, which Australia ratified in 1992, that:

*"The **ultimate objective** of this Convention... is to achieve... stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system."*

To achieve this and avoid dangerous climate change Australia's emissions reduction target must be consistent with limiting global warming to no greater than 2 degrees and preferably within 1.5 degrees. This is consistent with the best available scientific research, including the findings of the Intergovernmental Panel on Climate Change. Australia committed as a nation to the 2 degrees goal in 2010 in Cancun. Technical considerations such as base year and end year should be determined in light of this crucial ultimate objective.

The Climate Change Authority has provided independent advice to the Government on what our fair contribution to this ultimate objective should be. They advised you in 2014 that for a likely (two-thirds) chance of staying below 2 degrees we need to reduce emissions by 40 to 60 % below 2000 levels by 2030 and reach zero emissions by 2050. They also advised you that a fair national emissions budget for 2013 to 2050 is 10,100 million tonnes of carbon emissions.

This target represents Australia's fair contribution to global efforts.

If we delay action today it will unfairly place the burden of reducing emissions on future generations.

Australian Ethical is committed to working with the international community, through our own business practices, to avoid dangerous climate change. That is why we too are following the advice of the Climate Change Authority and have committed to decarbonising our entire investment portfolio by 2050. We have formalised this commitment through the Portfolio Decarbonisation Coalition launched by the United Nations Environment Program Finance Initiative.

**What would the impact of that target be on Australia? In responding to this question you could, for example, consider the impact on our economy, jobs, business and on the environment.**

An ambitious target from Australia will:

- a) restore investor and business confidence in investing in low-carbon climate change solutions
- b) send a signal to the rest of the world that Australia will be an important part of the solution to climate change, and
- c) ensure the long-term prosperity of Australia's people, economy and ecosystems.

Appropriate target setting and policies will set a platform for the evolution of our robust economy guided by Australia's long term interests rather than the narrow interests of particular industries. The fossil fuel sector has made an important contribution to the prosperity of Australia, but it must finally bear the real economic and social cost caused by its emissions, and so allow a true level playing field for the new industries on which future prosperity and employment will be based.

It is evidently in our national interest to take strong action on climate change.

**Which further policies complementary to the Australian Government's direct action approach should be considered to achieve Australia's post-2020 target and why?**

Economic analysis has repeatedly demonstrated that an emissions trading scheme is the lowest cost approach for long term climate change policy. Australia should have a broad based emissions trading scheme, with emissions capped at levels that support progress towards a 2 degree world.

Other measures should be used to complement an emissions trading scheme, including support for renewable energy, and regulation to improve standards such as energy efficiency.

The Government also needs to conduct a review of all of the subsidies and tax incentives that are provided to the mining and energy sectors. Any incentives currently flowing to fossil fuels should be reconsidered in light of whether they are creating barriers to transforming our economy to zero emissions.

2015 will be the year that decides the course of global climate action for decades to come. The decisions made in Paris will determine the kind of world our grandchildren live in. We implore you to consider the significance of Australia's contribution.

We look forward to your response to our submission, and would be happy to discuss.

Yours sincerely



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