

Independent Review of the *Climate Change (State Action) Act 2008*

Tasmanian Government Response

May 2017



ISBN: 978 0 7246 5714 2

Date: May 2017

TABLE OF CONTENTS

INTRODUCTION.....	4
Overview	4
Background	4
Independent review recommendations	5
Tasmania’s greenhouse gas emissions	5
International and national climate change policy	6
RESPONSE TO THE REVIEW	8
Recommendation 1.....	8
Recommendation 2.....	10
Recommendation 3.....	11
Recommendation 4.....	12
Recommendation 5.....	13
Emissions reductions across all sectors	14
Adaptive management framework.....	15

INTRODUCTION

Overview

The Paris Agreement highlights the importance of state governments in addressing the critical challenge of climate change. The Tasmanian Government is committed to undertaking practical actions to reduce our emissions and adapt to the impacts of climate change.

Tasmania is already a genuine leader in the response to climate change. In 2014, our emissions were down by 87 per cent on 1990 levels, exceeding our legislated target of 60 per cent below 1990 levels by 2050. Our per capita emissions remain amongst the lowest of any jurisdiction in the developed world and around 90 per cent of our electricity supply is from renewable sources.

The independent review of *Climate Change (State Action) Act 2008* (the Act) notes that relative to most other Australian jurisdictions, Tasmania has a low carbon economy.

By continuing to make a strong contribution to international efforts to combat climate change, Tasmania will not only play its role to limit the impacts, but also ensure the State is well positioned to benefit from opportunities that will arise. A low-carbon, climate resilient economy can lead to increased investment, jobs and economic growth, while changes in the climate can support growth in key sectors such as tourism and agricultural production.

The Tasmanian Government is committing \$3 million in new funding to support the delivery of Tasmania's Climate Change Action Plan 2017-21 (Climate Action 21). This builds on over \$400 million we have already committed to action on climate change, including a comprehensive targeted fuel reduction burning program, the Tasmanian Energy Efficiency Loan Scheme (TEELS), modernizing and upgrading our renewable hydro-electricity assets, and investing in our irrigation infrastructure to provide greater surety for farmers in a changing climate.

The Tasmanian Government will continue to build on these commitments. Strengthening the Act to provide a more robust framework for action on climate change is an important step and will ensure Tasmania continues to be a leader in taking action on climate change.

The Tasmanian Government response to the independent review of the Act provides a brief overview of Tasmania's greenhouse gas emissions, considers national and international responses to climate change, and sets out the Tasmanian Government's position on each of the recommendations to amend the Act.

Background

The Act provides the framework for the Tasmanian Government's action on climate change mitigation and adaptation. The Act establishes the target to reduce Tasmania's greenhouse gas emissions to at least 60 per cent below 1990 levels by 2050.

Subsection 18(1) of the Act requires an independent review of its operation every four years, with one to be completed in 2016.

Under the Act, the independent review must address:

- the extent to which the objects of the Act are being achieved; and
- the extent to which additional legislative measures, if any, are considered necessary to achieve the targets set by the Act within the periods contemplated by the Act.

The Minister for Environment and Parks (the Minister), Matthew Groom MP, is responsible for the operation of the Act. In setting the Terms of Reference for the independent review, the Minister asked that the following matters also be considered:

- the appropriateness of the emissions reduction target contained within the Act;
- how the Act could assist Tasmanian Government agencies to incorporate climate change considerations into strategic decision making and risk planning; and
- establishing a statutory requirement for the Tasmanian Government to prepare regular climate change action plans.

In May 2016 Jacobs Australia Pty Ltd (Jacobs) was appointed to undertake the independent review.

The independent review has been completed in consultation with the Tasmanian community, including industry, non-government organisations (NGOs), individual community members, and state and local government. Jacobs released a discussion paper in June 2016 which received 20 written responses.

The review specifications, discussion paper, written submissions and the Jacobs review can be found on the Department of Premier and Cabinet's Tasmanian Climate Change Office (TCCO) website at www.climatechange.tas.gov.au.

Independent review recommendations

The independent review makes five recommendations to amend the Act. They are:

1. Set a new aspirational long-term emissions reduction target of zero net emissions by 2050.
2. Consolidate the objects of the Act.
3. Require agencies to consider climate change in decision making.
4. Include a set of principles in the Act to provide expectations for decision making.
5. Make it a statutory requirement for the Tasmanian Government to have a climate change action plan.

The independent review also highlights key considerations relevant to the Act and action on climate change in Tasmania more generally. These include:

- taking action across all sectors to reduce emissions; and
- using an adaptive management framework to inform climate change action.

The Tasmanian Government response to the recommendations, and the commentary more generally regarding climate change action, is detailed below.

Tasmania's greenhouse gas emissions

The Minister is required to report on Tasmania's emissions under the *Climate Change (Greenhouse Gas Emissions) Regulations 2012* which is made under the Act. Tasmania's greenhouse gas emissions reporting is based on the National Greenhouse Gas Inventory data, which are used to prepare Australia's *National Inventory Report*.

The *National Inventory Report* uses methodologies developed by the Australian Government. These methodologies conform to the guidelines prepared by the Intergovernmental Panel on Climate Change (IPCC) in accordance with the rules for reporting applicable to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

The latest greenhouse gas accounts for 2013-14 released by the Australian Government show that Tasmania's emissions were 2.3 mega-tonnes of carbon dioxide equivalent. This is a decrease in emissions of 87 per cent since the baseline year of 1990, and means that in 2014 Tasmania achieved the emissions reduction target set by the Act for the second year in a row.

The majority of Tasmania's emissions reductions can be attributed to the land use, land-use change and forestry (LULUCF) sector, and to the forest management sub-sector in particular. Emissions in other key sectors, such as energy, agriculture and industrial processes, either grew or contracted slightly.

Based on the 2013-14 greenhouse gas accounts, Tasmania's emissions, excluding the LULUCF sector, were at the same level as in 1990. Over this period Tasmania's Gross State Product has increased by 58 per cent, showing that the State can achieve economic growth without increasing emissions.

International and national climate change policy

The independent review of the Act coincides with a number of important developments in climate change policy, both nationally and internationally.

The 21st Conference of the Parties (COP21) to the UNFCCC was held in Paris in December 2015. Negotiations at COP21 resulted in the Paris Agreement, which includes a goal to keep global warming to well below 2° Celsius above pre-industrial levels, and to pursue efforts to keep warming to 1.5° Celsius.

The Paris Agreement, entered into force on 4 November 2016, after the threshold 55 countries, accounting for at least 55 per cent of global emissions, ratified the agreement. This includes some of the world's largest emitters such as the United States of America, China and India.

The Australian Government ratified the Paris Agreement in November 2016, and currently has an emissions reduction target of 26 to 28 per cent below 2005 levels by 2030.

The Emissions Reduction Fund (ERF) is the cornerstone of the Australian Government's policies to reduce emissions. Projects supported through the ERF have seen 143 million tonnes of emissions reduction. This includes five Tasmanian projects.

The Paris Agreement highlights the importance of state and local governments taking action to reduce emissions. Most Australian jurisdictions are already taking action on climate change, and many have legislative targets in place to reduce emissions.

This includes the Australian Capital Territory (ACT), which has legislated to achieve zero net emissions by 2050. South Australia, Victoria and New South Wales have also publicly flagged their intention to legislate for the same target.

An emerging area for future consideration will be complementarity between federal, state and local governments around climate change policy, particularly in areas such as renewable energy generation to support emissions reduction. Tasmania's abundant renewable energy generation resources mean that we are well placed to support national efforts.

The Tasmanian Government supports a coordinated effort to taking action on climate change that complements national policy settings to ensure there are no additional regulatory burdens on Tasmanian industry.

RESPONSE TO THE REVIEW

Recommendation 1

That Tasmania set a new aspirational long-term emissions reduction target which is achievable and consistent with international ambitions to avoid dangerous climate change. Based on best available science, this target should be to achieve net zero greenhouse gas emissions by 2050.

Response: SUPPORT

The independent review recommends that Tasmania set a new aspirational long-term emissions reduction target that is achievable and consistent with international ambitions to limit global warming to well below 2 degrees Celsius. It is recommended that the target should be to achieve zero net emissions by 2050.

In 2014, the Australian Government greenhouse gas accounts showed that Tasmania has reduced its emissions by 87 per cent and achieved the legislated target of 60 per cent below 1990 levels by 2050. Based on this achievement, the Terms of Reference for the independent review included consideration of the appropriateness of the current target.

The independent review found that, although Tasmania's emissions profile is likely to fluctuate over time due to a number of factors, a target of zero net emissions is achievable. It notes that the target is aspirational and long-term and can be achieved through a combination of measures, including:

- adoption of recommended practices for nitrogen fertiliser management;
- managing the area of forest harvested;
- actively managing forest carbon stocks to avoid bushfire risk;
- adoption of cost-effective livestock emission reduction technologies;
- development of infrastructure to support electric vehicles;
- continued adoption of cost-effective energy efficiency measures and reduction of fossil fuel use for industrial and manufacturing processes, residential and commercial buildings and freight and passenger vehicles; and
- strategic management of emissions associated with forest management.

The independent review found that the target is consistent with Tasmania's brand and positioning in agricultural and tourism markets, and is necessary to ensure we are playing our role to meet the ambition clearly established in the Paris Agreement.

Under the Paris Agreement, zero net emissions will need to be reached during the second half of this century if global warming is to be limited to well below 2 degrees Celsius.

The Tasmanian Government is committed to supporting international efforts to meet this global challenge and limit our greenhouse gas emissions. Establishing a new 2050 target of zero net emissions

reflects this commitment. Our low per capita emissions and renewable energy generation mean that we are well placed to achieve zero net emissions while maintaining a strong economy.

The emissions reductions measures identified by Jacobs highlight the need to continue to look for abatement opportunities in all sectors. These sorts of measures will allow us to continue supporting households and businesses to reduce energy costs and ultimately help industry and businesses to adopt practices and technologies that will reduce costs and boost productivity.

The target recommended in the independent review is aspirational and long-term. There are many potential pathways to meeting the target, and they will be influenced over time by changes to national and state government policies, changes in technologies, and changes to Tasmania's population and economic profile. Importantly, setting an aspirational zero net emissions target does not place additional burdens on businesses or households.

Recommendation 2

That the objects of the Act are consolidated around four themes, to provide clarity on the purpose for having the legislation and a robust framework for evaluating its effectiveness, namely:

- Targets and reporting.
- Actions to reduce greenhouse gas emissions.
- Adaptation to projected climate change.
- Complementarity with national and international climate change initiatives.

Response: SUPPORT

The independent review recommends that the objects of the Act are consolidated around four themes, to provide clarity on the purpose for having the Act.

The objects of an Act are designed to give a general understanding of the purposes of the legislation. In its current form, the Act has 10 objects. The independent review found that the 10 objects cover multiple themes and some themes are addressed in multiple objects, meaning that the purpose of the Act is not clearly articulated.

The independent review argues that by restructuring and simplifying the objects of the Act to focus on the four key themes outlined above, it will improve the rationale and narrative for action on climate change.

The Tasmanian Government supports this recommendation, including the four proposed themes for the objects.

Recommendation 3

That the Act is amended to require State agencies and Departments to consider the target, objects and proposed principles of the Act in relation to relevant decisions. Specifically, decisions should consider:

- Risks from climate change.
- Implications for the State's emissions and potential to achieve Tasmania's legislated emissions target.

Response: SUPPORT IN PRINCIPLE

The independent review recommends that the Act is amended to require Tasmanian Government agencies to consider the Act in relation to relevant decisions. This means that decisions would need to take climate changes risks into account and consider potential impacts on the State's emissions.

The independent review found that there is scope for improved linkages between climate change and key policy areas such as population growth, land use planning and energy. The review highlights examples of other jurisdictions that have used their legislation to support consideration of climate change in government decision making.

The Tasmanian Government acknowledges the importance of considering climate change in our decision making. For example, climate change projections and impacts should be considered in making long-term decisions around assets and infrastructure.

Climate change is one of many considerations agencies must take into account when making decisions. Agencies need to consider climate change alongside other factors such as community wellbeing and economic growth.

It is important to note that Tasmania has achieved strong economic outcomes while keeping emissions low. In 2014, Tasmania's greenhouse gas emissions, excluding the LULUCF sector, were 8.1 mega-tonnes of carbon dioxide equivalent, which is the same level as in 1990. Over this period, Tasmania's Gross State Product has increased by 58 per cent. This shows a decoupling of the historical link between economic growth and greenhouse gas emissions. This trend is more significant when the emissions sink provided by the LULUCF sector is included.

There are a number of ways to ensure climate change is considered in government decision making. TCCO will work with all government agencies to determine the best way to support climate change consideration in decision making, using the objects and proposed principles of the Act.

Recommendation 4

That the Act is amended to include a set of principles to give greater effect to the target and objects of the Act and provide a set of expectations for decision-making on climate change. These principles should give priority to:

- Abatement in sectors and through initiatives where the greatest emission reductions can be cost-effectively achieved.
- Opportunities that deliver social and economic benefits from Tasmania's position as a low carbon economy.
- Adaptation in areas with communities at greatest risk from the projected impacts of climate change.

Response: SUPPORT

The independent review recommends that the Act is amended to include a set of principles to guide decision making on climate change.

The independent review found that the inclusion of guiding principles in the Act would provide an appropriate framework for decision makers to consistently consider climate change. It notes that the principles should summarise 'what matters most' to ensure resources are allocated appropriately.

The Tasmanian Government supports the development of a set of principles for inclusion in the Act. The themes for the principles suggested by Jacobs align with key Government priorities for action on climate change to ensure policy and initiatives can result in additional benefits such as:

- lowering costs for households and businesses;
- realising economic and social opportunities; and
- building communities that are resilient to climate change impacts.

The Tasmanian Coastal Adaptation Pathways (TCAP) project has been rolled out with 11 Tasmanian communities determined to be at the greatest risk from coastal hazards. Through TCAP, the Tasmanian Government has been able to work with local councils and communities to raise awareness of the projected impacts of climate change and coastal hazards, and begin the conversation about how the associated risks can be mitigated.

The Tasmanian Government has worked in partnership with DairyTas to roll out the Fert\$mart program. Through a more targeted approach to the use of nitrogen-based fertilisers, Fert\$mart enables farmers to produce more feed from their pastures at less cost, while minimising nutrient losses and reducing greenhouse gas emissions.

These are just two examples of initiatives that support the principles proposed in the independent review and demonstrate their potential effectiveness. The Tasmanian Government supports this recommendation. Consultation will be undertaken with government agencies to ensure the principles are most effective.

Recommendation 5

That the Government continue to prepare a plan for mitigating and adapting to climate change, and that the Act is amended to make the Climate Change Action Plan (CCAP) a statutory requirement. The CCAP should include a clear timeframe for preparation, implementation and evaluation that, wherever possible, follows the four-yearly parliamentary terms and legislative review cycle under the Act.

In developing the CCAP, the State should take account of the:

- Long-term greenhouse gas emissions target under the Act.
- Revised objects of the Act, and Principles proposed for the Act.
- Latest greenhouse gas accounts for the State, and best-available science on projected impacts of climate change on Tasmania.
- Evidence on the effectiveness of existing initiatives to mitigate and adapt to climate change.

Response: SUPPORT IN PRINCIPLE

The independent review recommends that the Act is amended to make a climate change action plan a statutory requirement. Further, the independent review notes that a clear timeframe for preparation, implementation and evaluation should be linked to the action plan, and that it should ideally follow a four-yearly parliamentary cycle and the legislative review cycle under the Act.

The Tasmanian Government supports amending the Act to make climate change action plans a statutory requirement. To address climate change effectively, a clearly defined framework for action on emissions reduction and adaptation is desirable. Action plans provide a clear direction for action and their development encourages input from local government, industry and the community.

Preparing regular action plans can support evaluation, learning and improvement, and allow the Tasmanian Government to continue to respond to key risks and opportunities from climate change. This aligns with the intent of the adaptive management framework Jacobs proposes in the independent review.

Linking the preparation of the action plan to the electoral cycle could prove difficult in practice. Under section 23 of the *Constitution Act 1934*, the Tasmanian House of Assembly expires every four years from an election. A four-yearly electoral cycle is not always guaranteed and could impede the ability to fully implement an action plan.

The Tasmanian Government gives in-principle support to this recommendation, recognising the need to give further consideration to how this recommendation could work in practice.

Emissions reductions across all sectors

The LULUCF sector, particularly the forest management sub-sector, has played an important role in achieving Tasmania's current emissions status. Between 1990 and 2014, the LULUCF sector has gone from being a major source of Tasmania's emissions to operating as a carbon sink.

The independent review identifies a number of factors that could influence changes in this sector and impact on Tasmania's emissions profile in the future. This includes changes in forestry practices, market factors and climate-related risks like bushfire.

Submissions made to the discussion paper said that Tasmania should not rely solely on LULUCF and the forest management sub-sector to achieve our target. Although LULUCF presents a considerable advantage for Tasmania in current conditions, the submissions acknowledged a need to take action to reduce emissions in other sectors, including agriculture, manufacturing and transport.

The Tasmanian Government accepts that LULUCF cannot be relied on as our sole source of emissions abatement in achieving zero net emissions. In addition to the risks to the sector outlined by Jacobs, there may be future changes to the accounting methodology which may negatively influence our emissions profile.

The Tasmanian Government is committed to building a contemporary, sustainable forestry sector that supports our emissions profile through carbon sequestration in forests and wood products, substituting timber for more emissions intensive building materials and is looking to emerging technologies in biofuel to reduce fossil fuel use.

The Tasmanian Government has committed \$1.25 million to establish the new Wood and Fibre Processing Innovation Program. Grants of up to \$100,000 will be made available to support the development of projects that use forest harvesting and timber processing residues and/or agricultural plant residues to create value-added products in Tasmania. We have recently announced \$250,000 in funding to help complete a feasibility study into a plantation fibre-only wood pellet plant in Tasmania. If successful, this project would create jobs, introduce a new export market, and put Tasmania at the forefront of new renewable energy markets.

In addition the Tasmanian Government is developing a policy to encourage locally sourced timber to be used in more Government projects as a result of recent changes to the National Construction Code. This new policy will promote a shift towards local timber for construction, interior design and daily living uses rather than more emissions intensive building materials such as steel and concrete.

However, we need to take an all-sector approach to reducing our emissions if we are to achieve our target of zero net emissions by 2050. Practical action across all sectors can have a number of benefits beyond emissions reduction, including increased productivity, reduced costs, and improved health and wellbeing outcomes for vulnerable Tasmanians.

The Tasmanian Government is supporting a number of programs aimed at reducing emissions across all sectors. This includes:

- the \$10 million TEELS, that will provide no-interest loans to households and small businesses to install energy efficient equipment and appliances;
- the NILS and YES program supported by Aurora Energy, which assist low income Tasmanians to purchase energy efficient heating appliances, home insulation, block-out curtains and pelmets;

- the aged care energy efficiency initiative, which included a review of energy usage for 11 residential aged care facilities and suggestions for cost-effective energy efficiency improvements;
- the Smarter Fleets project, which has improved light vehicle fleet efficiency in six fleets across Tasmanian Government agencies, Government Business Enterprises and local government by approximately 11 per cent;
- support for the Fert\$mart program, which assists farmers to improve the efficiency of fertiliser use to reduce emissions and costs; and
- an electric vehicle demonstration project with Tasmanian Government agencies and local government.

The independent review suggests a combination of measures should be pursued to reduce emissions. These measures also have the benefit of supporting growth and productivity. This includes the introduction of electric vehicles to Tasmanian roads, working with the agricultural sector to reduce emissions from livestock and nitrogen fertiliser, and adopting cost-effective energy efficiency measures across all sectors.

Adaptive management framework

The independent review suggests that adaptive management, supported by monitoring, evaluation and transparent reporting, will provide a sound approach for achieving the target and objects of the Act. Adaptive management includes:

- drawing on best available science;
- assessing and responding to key risks and opportunities for Tasmania;
- integrating action to reduce emissions and adapt to climate change;
- working collaboratively across government, industry and other key stakeholders;
- complementing national and international policy; and
- being informed by monitoring and evaluation.

The Tasmanian Government acknowledges the value in this approach and work currently underway in climate change policy and related areas reflects this. An example of this is Climate Futures for Tasmania, which provides our most important source of downscaled climate projections for Tasmania. This resource is used to inform decision making across a broad range of government sectors. The Tasmanian Government is committed to ensuring that the Climate Futures for Tasmania data remains robust and relevant to decision makers.

The Tasmanian Government's climate change policy function sits within the Department of Premier and Cabinet, acknowledging this critical policy area needs a whole-of-government approach, in collaboration with local government, industry, NGOs and the community. We actively participate in Australian Government initiatives to ensure our climate change policy and initiatives complements national and international efforts.

The Tasmanian Government's climate change action plan is being developed and will be informed by an adaptive management approach.



Tasmanian
Government

Tasmanian Climate Change Office
Department of Premier and Cabinet

GPO Box 123

HOBART TAS 7001

Phone: 03 6232 7173

Email: climatechange@dpac.tas.gov.au

Visit: www.climatechange.tas.gov.au