

Federal Labor’s Climate Change Action Plan

April 2019

On Monday 1 April 2019 Federal Opposition Leader Bill Shorten announced Labor’s full suite of energy and environment policy commitments aimed at addressing the economic impact of climate change and natural disaster.

Natural disasters have a projected economic impact of \$39 billion by 2050 and climate change is estimated to incur added costs of \$14,000 to the average Australian household, according to estimates from the ANU, the University of Melbourne and CSIRO.

Labor has re-stated its support for the Paris Agreement in addition to a further commitment to keep global warming below a 1.5-degree Celsius threshold. It will not use carryover credits – acquired through the timely achievement of Australia’s 2020 Kyoto Protocol target – towards reaching Australia’s Paris target.

The [Climate Change Action Plan](#) outlines a ten-part strategy incorporating Labor’s existing renewable energy commitments and introducing new targets for electric cars and pollution, with a proposal to extend the current Safeguard Mechanism.

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Renewable energy

Labor has set a target of 50 per cent renewable energy by 2030 for national electricity generation while aiming to create cleaner and cheaper power, and over 70,000 new jobs. This includes:

- Doubling the original investment in the Clean Energy Finance Corporation (CEFC) by \$10 billion.
- \$5 billion for the independent Energy Security and Modernisation Fund.
- A target of one million household battery systems by 2025 and a solar battery rebate scheme.
- A Neighbourhood Renewables Program aimed at renters and social housing residents.
- \$2 million over the forward estimates for a Bioenergy Strategy.

The Hawker Britton occasional paper on Federal Labor’s renewable energy reforms is available [here](#).



National Energy Plan

Labor's policy includes a plan for an "orderly transition" for workers, communities and industry to adapt to a renewable energy market, including:

- A goal to implement a bipartisan mechanism, such as a National Energy Guarantee (NEG) to achieve a 50 per cent renewable energy by 2030.
- \$8.5 billion over the forward estimates for an independent Just Transition Authority (JTA) to plan and coordinate the response for future power station closures.
- A requirement for all large generators to provide at least three years notice of closure.

National Electric Vehicle Policy

A future Shorten Labor Government will deliver Australia's first Electric Vehicle (EV) policy.

Targets

Labor will introduce a national target of 50 per cent electric vehicles for all new car sales by 2030, aimed at encouraging car makers to ship a greater range of more affordable EVs to the Australian market.

Labor will also implement a government fleet target of 50 per cent of new purchases and leases of passenger motor vehicles by 2025.

Australian Investment Guarantee

A future Shorten Labor Government will offer a deduction of 20 per cent off any new EV valued at more than \$20,000 through the Australian Investment Guarantee.

Infrastructure

Labor will work towards requiring all Commonwealth-owned and -leased office buildings to provide charging infrastructure to support the government fleet target.

Labor will require all federally funded road upgrades to incorporate EV charging infrastructure, and work with the states to ensure refurbished commercial and residential developments include EV charging capacity; and promote national standards for EV charging infrastructure and ensure investment in public charging stations meets the standard.

An electric vehicle COAG agenda will be established for coordination of EV take-up and related infrastructure planning.

Innovation and Manufacturing Strategy

Labor will work with Industry, State Governments and the Research sector to implement an EV innovation and manufacturing strategy to support the establishment of manufacturing, assembly and retrofitting capability in EV vehicles, transportation and supporting infrastructure and services.

Vehicle emission standards

Labor's policy includes vehicle emissions standards to reduce pollution driving costs to consumers. The standard will be in line with 105g CO₂/km for light vehicles – consistent with US standards and Climate Change Authority advice.

Standards will be applied to car retailers to meet average emissions standards, rather than imposing blanket mandatory standards on manufacturers. This will allow retailers to meet the standards by offsetting high emissions car sales with low or zero emissions car sales.



Heavy vehicles

Labor will introduce an incentive under the Australian Investment Guarantee for trucking operators to modernise their vehicles to help achieve emission reductions.

Public transport

Labor will upgrade the passenger rail networks in Brisbane (Cross River Rail), Sydney (Western Sydney Rail and Western Metro), Melbourne (Monash Rail and Frankston to Baxter Rail Upgrade), Canberra (Light Rail – Stage 2) and Perth (METRONET).

Low Emission Transport Strategy

Labor will develop a Low Emission Transport Strategy to inform future policy development across transport more broadly, including maritime, aviation, rail and heavy vehicles.

Jobs and industry

A Shorten Labor Government will engage with industry to find solutions to cut pollution, support the competitiveness of emissions intensive trade exposed sectors (EITES) and assist businesses to transition to a clean economy through the following measures:

- Tailored treatment for EITES as part of the Safeguard Mechanism using a ‘comparative impact’ principle.
- A Strategic Industries Taskforce to undertake in-depth engagement with strategic industries and experts to support competitiveness and cut pollution through Low Carbon Strategies.
- \$300 million over six years for a Strategic Industries Reserve Fund to support the ongoing competitiveness of strategic industries.
- Broad support from other policies including the Australian Investment Guarantee, an expanded CEFC, the Advanced Manufacturing Future Fund and energy efficiency measures, including the Manufacturing Energy Efficiency Accelerator program.

National Hydrogen Plan

Federal Labor announced its National Hydrogen Plan in January 2019 with a total \$1 billion proposed investment, comprising:

- \$90 million for ARENA to support the development and pre-commercial deployment of hydrogen technologies.
- \$1 billion of CEFC funding to support clean hydrogen.
- A ‘Guarantee of Origin’ scheme to certify hydrogen as carbon neutral; task AEMC with reviewing rule changes to allow for compensation for grid firming by electrolysers; develop international export agreements on hydrogen.
- \$3 million for the National Hydrogen Innovation Hub.

The Hawker Britton Occasional Paper on Federal Labor’s National Hydrogen Plan is available [here](#).

Safeguard mechanism

A Shorten Labor Government will extend the Government’s existing framework, the Safeguard Mechanism to balance reductions in pollution with competitiveness and jobs.

Coverage

Labor’s Safeguard Mechanism is aimed at facilities polluting more than 25,000 tonnes of direct CO2 emissions. Labor will consult with industry and experts on this threshold and its phase-in.

Facilities in the electricity sector will be covered under Labor’s National Energy Plan rather than the Safeguard Mechanism.



Target

The mechanism will reduce total pollution by covered entities by 45 per cent on 2005 levels by 2030, a threshold that will be developed in consultation with industry.

Offsets

Labor will enable businesses to offset obligations by allowing for the creation and sale of offsets if emissions fall below baselines. It will allow for some use of international offsets and explore the option of allowing offsets in the electricity sector through Carbon Farming revitalisation reforms.

To develop the liquid offsets market, Labor will:

- Abolish the Emissions Reduction Fund.
- Increase land sector abatement opportunities by reviewing and strengthening the Carbon Farming Initiative.
- Include \$1.5 million over the forward estimates to establish a Carbon Assessment Standard.
- Consult industry, experts and stakeholders on design details and review the mechanism no less than once every three years.

Land pollution

A Shorten Labor Government will reform the land offset market and support reducing land sector pollution through:

- \$2 million over the forward estimates for the Strategic Meat Industry plan.
- Reviewing and strengthening the Carbon Farming Initiative.
- \$40 million over forward estimates to improve integrity and growth of the offset market.
- Ensuring the federal government can prevent broad-scale land clearing in states where it is not adequately regulated.
- \$8 million over the forward estimates to assist landholders to navigate federal land clearing protections.
- A goal to bring all states in line with Queensland's reporting of land clearing.
- A National Forestry Summit and a National Forestry Strategic Plan.

Energy efficiency

A future Shorten Labor Government will implement the following measures to increase energy efficiency:

- Allow ARENA to support energy efficiency projects more broadly.
- Increase the Clean Energy Finance Council's (CEFC) focus and support for energy efficiency projects, new commercial community renewables projects and industrial transformation.
- One thousand \$20,000 grants for Australian manufacturers over four years to 2022-23 for the Manufacturing Energy Efficiency Accelerator program (MEEA).
- \$10 million over four years to 2022-23 to develop an accreditation system for energy auditors and training programs for manufacturers.
- Up to \$10 million over four years to 2022-23 for an Energy Affordability and Productivity Review aimed at enhancing COAG's National Energy Productivity Plan.

International engagement

Labor will approach Australia's international engagement on climate change as a key policy priority.



Climate Change Ambassador

Using existing departmental resources, Labor will re-institute and re-badge the position of Climate Change Ambassador. The Ambassador will first explore bilateral trading agreements to support domestic climate change policies, and focus on positioning Australia as a leader in climate change engagement in the Pacific.

International assistance

A future Shorten Labor Government will engage Australia's Pacific neighbours through regional fora bilaterally to provide leadership, assistance, and advice on climate change issues.

Climate change institutions

A Shorten Labor Government will restore Australia's domestic climate change institutions by restoring and reforming the Climate Change Authority and implementing triennial Climate Change Assessments, including funding of:

- \$24 million over the forward estimates to reverse the Government's abolition of the Climate Change Authority.
- \$5 million over the forward estimates for the first Triennial Australian Climate Change Assessment.

Further information

For more information, please contact your Hawker Britton consultant Simon Banks on +61 419 638 587.

Further Hawker Britton Occasional Papers on the activities of the Federal Opposition are available [here](#).