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Policy Brief No.19



An Australian Climate Accord

A New Way Forward for
Climate Crisis Governance?

28 April 2022 | Ella Plumanns Pouton, Rod Keenan & Lee Godden

Summary

Key Points

This Policy Brief makes the following key points:

- (a) Australia is not on track to meet its modest emissions reduction commitments under the Paris Agreement. Current estimates suggest a gap of about 25 metric tonnes (Mt) of CO₂-e per year by 2030. The recent Federal Government budget did not commit further funds to climate change action over the next four years.
- (b) Australia lacks national leadership on climate policy. Despite broad agreement across much of the Australian community, climate policy is an area of conflict for the Federal Government.
- (c) Local, State and Territory Governments are making headway on climate action, but these approaches are uncoordinated and not well-integrated across government policy areas.
- (d) The private sector is driving emissions reduction but requires clearer Federal policy to better support transition. National coordination across states and territories, local governments, the private sector and the community can support stronger action.
- (e) Closing the gap between our current emissions and future targets requires a new governance framework that brings together all relevant parties. An Australian Climate Accord based on multi-stakeholder dialogue could foster agreement on reducing emissions while improving Australia's living standards.
- (f) The dialogue could broker the relationships and exchange of information essential to meet collective climate goals and support horizontal and vertical coordination between industry sectors, governments and community. This could avoid risks of inequitable or insufficient climate change action. Independent members could be key players in bringing the dialogue together.

Recommendations

This Policy Brief makes the following recommendations:

- (a) **Convene a public dialogue:** The Prime Minister and Opposition Leader put plans to the Australian public to convene a dialogue to develop an Australian Climate Accord. Demonstrating commitment to climate change action is essential in the lead up to three years of federal governance.
- (b) **Build bipartisan support:** Move past notions of 'winners and losers' to build bipartisan support from the major parties and include independent voices to develop shared solutions that work for all Australian communities.
- (c) **Guiding values:** Base climate policy on open and honest communication, inclusivity, and mutual responsibility to arrive at equitable long-term measures. Community representatives, Traditional Custodians, local and state government, industry representatives and Trade Unions must have a seat at the table.
- (d) **Meaningful goals and commitments:** Use the accord to develop clear and meaningful climate change goals and commitments from all participants to meet sector specific emission-reduction targets.

An Australian Climate Accord

A New Way Forward for Climate Crisis Governance?

1. Introduction

Despite unequivocal evidence that the climate is changing, the Australian Government still refuses to make firm commitments to reduce emissions. There is a crisis of deep climate divisions within the coalition. A lack of federal leadership has resulted in inadequate ambition to tackle climate change, and ineptitude in achieving these already modest ambitions. Crucially, the Federal Government that is elected in late May must take substantial and swift action on climate change. The efforts of state and local governments, communities, private sectors, and community, whilst commendable and important, are insufficient without overarching coherent climate policy that provides strategic horizontal and vertical coordination and support.

In this policy brief, we outline the current federal climate crisis and its international context. We discuss our current ability and strategy for meeting our current targets, demonstrating that our current means are inadequate. We then outline how the rest of Australia, its state and local governments, its community and private sectors are demonstrating initiative and affirmative action for climate change, but that a lack of national coordination is providing obstacles to progress. Finally, we propose a solution, an Australian Climate Accord that forms a multi-stakeholder dialogue and produces a clear commitment from

all participants to meet emission-reduction targets. We outline some of the foreseeable challenges in delivering such a framework but reiterate that a governance platform that includes diverse stakeholders can provide the means to ensure a safe climate future where all Australians can share its benefits.

2. The Federal Climate Crisis

The 2021 Intergovernmental Panel on Climate Change (IPCC) report indicated the world is likely to reach 1.5°C of warming within nine, short years. In 2022, The IPCC report on climate impacts, adaptation and vulnerabilities revealed global capacity to adapt to changing climates is hitting hard limits- situations where no human intervention can address a climate-change impact.

These sober warnings barely graced the pages of Australia's popular media, matching the approach by the Federal Government to stall making firm commitments on climate change. Avoidance of a coherent climate policy is representative of the deep climate divisions within the coalition. Our national climate change actions and targets recently saw us ranked last out of 200 countries.

In 2015, Australia committed to a 26 to 28 per cent reduction in emissions by 2030, from a baseline of 2005 levels. This was part of an international commitment scheme called Nationally

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Determined Contributions (NDCs), under the Paris Agreement (2015). In November 2021, the United Nations Framework Convention on Climate Change hosted COP26 to negotiate a path forward to limit warming of global surface temperature to 2°C, preferably 1.5°C. Member countries were expected to demonstrate progress towards their emissions reduction targets at this time, and commit to an increase in ambition, referred to as ‘ratcheting-up’ of targets.

While 140 other countries progressively increased their emission reduction targets at COP26, Australia’s commitment remains unchanged. Australia’s official NDC was ‘reaffirmed’ at the same 26-28 percent reduction by 2030 from 2005 baseline levels. Australia did domestically announce an unofficial ambition of ‘up to’ a 35 percent reduction in emissions by 2030, and net-zero emissions by 2050. However, this did not match the commitment to international agreements, nor the reality that Australia has not made progress towards current targets. ‘Net Zero modelling’ released by the government still maintains Australia as a major coal and gas exporter in 2050, something clearly incompatible with a true reduction in emissions and a likely decreased demand for international fossil fuel imports.

National commitments to reduce emissions, if replicated across all countries, are not enough to limit global warming to 1.5°C, even 2°C. The combined national emission reduction targets from all countries from COP26 still leave an emissions gap of 15-17 percent. As a wealthy economy with clear capacity to generate renewable energy, other countries expect Australia to take the lead in reducing emissions.

Given Australia is the driest, inhabited continent, we are highly exposed to climate change impacts, including drought, bushfires and cyclones. The impacts and the massive costs incurred in addressing the enhance risk of these extreme events such as floods mean it’s in our national interest to avoid potential future warming.

3. Meeting Our Current Target

Australia is not on track to meet even its modest reduction commitment. Recent government estimates suggest a gap of about 25 metric tonnes (Mt) of CO₂-e per year by 2030, unless rapid uptake of new technology occurs (Figure 1). While we exceeded Kyoto Protocol targets - this was largely achieved by reducing land clearing alongside a rapid increase in timber plantations on agricultural land in the 1990s and 2000s. But the capacity to further reduce land clearing is limited, and some timber plantations have been converted back to agriculture.

Emissions from coal-fired electricity have declined but have been replaced by a rapid increase in fugitive emissions from processing Liquefied Natural Gas (LNG) and coal-seam methane (Figure 2). This has occurred largely unnoticed, without the significant controversy surrounding coal, like the Stop Adani campaign. This is despite evidence that exposure to LNG related contaminants has adverse effects on human health, including the development of Asthma. The recent Federal budget committed \$50 million to accelerate the development of priority gas infrastructure, and an additional \$300 million investment to support new extraction and production of LNG in the Beetaloo and Petrel basins and the Barossa and Bayu-Undan fields.

Proponents of exported gas suggest that LNG could reduce emissions in importing countries and serve as a ‘bridge fuel’ while more investment flows to renewables. This ignores the heavy emissions burden LNG processing places on Australia, and an overall increase in emissions in some importing countries. Investing more in LNG will potentially leave us with stranded assets, when countries inevitably turn to cheaper renewable energy sources.

The release of the 2022 Federal Budget does not indicate any current or future commitment to climate-change-related policy. Rather than provide signals to invest in climate action, the

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Budget provides a commitment to business as usual, *if not a reduction*, in climate-related investment. In addition to the funding for gas, these include a reduction of the fuel excise, a quarter of a billion dollar investment over 5 years in mineral resource projects, no new direct funding for renewable energy technology, Climate Solutions Fund nor the Clean Energy Regulator, and a reduction in spending in the Australian Renewable Energy Agency and Clean Energy Finance Corporation from \$2 billion in 2022 to 1.3 billion in 2025-26. Some spending on climate change impacts, such as in drought response and great barrier reef protection, demonstrate that the Government understands the impact climate change can have on Australian futures, despite a reluctance to fund preventative measures.

4. The Need for Federal Coordination

Australia lacks national leadership on climate policy, but state and territory governments are increasing climate action. The Victorian government, for example, has a Climate Change Strategy, with a commitment to Net Zero by 2050. But state-based approaches are uncoordinated and not well-integrated: for instance, some states have a plan to tackle battery storage for the renewable energy sector, while other states are doing much less climate mitigation or adaptation. Local governments also have climate commitments, e.g. Moreland City Council's Zero Carbon 2040 framework, and councils are organizing into Greenhouse Alliances. But their sphere of influence and allocation of resources are limited.

Companies and industry sectors, like the National Farmers Federation, are committing to net-zero targets. Yet, a lack of national coordination across states and territories, local governments, the private sector and the community creates difficulties for businesses in complying with diff-

erent standards and codes. For example, multiple state funding programs to support revegetation have different standards and requirements imposing costs and uncertainty on the private sector.

Clear national goals would provide incentives for business to act on climate change while reducing legal and market risk. Currently, companies must weigh the risk of losing social license (or possible future litigation and profit loss) against the financial risk of reducing current profits. These decisions are difficult without a supporting, coordinated policy framework. While the current Federal Government can implement some short-term signals, long-term change to achieve much stronger emission reduction targets will require horizontal and vertical coordination between industry sectors, governments and community.

5. An Australian Climate Accord?

Closing the gap between our current emissions and future targets requires a new governance framework that brings together relevant parties. We propose that prior to or shortly after the May Federal election, the incumbent and opposition leaders should put plans to the Australian public to convene a dialogue to develop an Australian Climate Accord following the next candidate's election.

The Climate Accord would provide a transparent and accountable framework to indicate how to reduce our emissions while maintaining or improving our living standards. It must involve Aboriginal and Torres Strait Islander peoples, all forms of industry and levels of government, unions, farmers, and members of the wider community.

This could be modelled on the 1983 business-union-government roundtable to develop the

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Prices and Incomes Accord between the Australian Council of Trade Unions and the Hawke government. This too represented a highly divisive issue in Australian political and social life at the time. Through a similar collaborative process, an Australian Climate Accord would identify barriers to change and attempt resolution, ensuring coordination between industry sectors, different levels of government and across community.

In effect, this would be an inclusive, Paris-style, Australian Accord with a clear commitment from all participants to meet emission-reduction targets. Clear and meaningful goals are related commitments are an essential outcome of such a framework.

The dialogue could also broker the relationships and information that's essential to come to equitable long-term measures and meet collective climate goals; Including the recognition that some socioeconomic groups and regions in Australia will face more immediate transition challenges. Achieving the deep cuts to emissions that would responsibly fulfil Australia's international commitments will require open and honest discussions across sectors. For example, best use of our potential to sequester carbon in Australian landscapes will require engagement between those industries seeking to buy offsets in a carbon market to meet their targets and farmers seeking to use land for carbon neutrality.

A Climate Accord model, that centres the federal government in a coordinating role and partners with stakeholders across society, plays to the strengths of a federal system. Certainly, this governance model may be applicable in other domestic settings, especially those within which there are multiple horizontal and vertical governmental relationships akin to those in Australia's federal system of government.

Furthermore, a Climate Accord model also contributes to the effective implementation and achievement of Australia's commitment to the 2030 Agenda of the United Nations Sustainable Development Goals (SDGs), which outlines a 'shared blueprint for peace and prosperity for

people and the planet, now and into the future'. In a voluntary 2018 National Review for the SDGs, Australia committed to achieving this agenda as 'a whole of Australia' endeavour', which 'is not just for about government initiatives and activity: it also involves the business sector, civil society, academia, communities, families and individuals'. Indeed, a multi-stakeholder approach with meaningful contributions from the 'whole of society' is considered essential by global commentators.

6. Conclusion: A Difficult but Necessary Challenge

This will not be easy. Despite relatively broad agreement across the Australian community, emissions reduction policy is driven by conflict. Some see political benefit in maintaining, rather than resolving this conflict. Convening a dialogue will require deft political positioning, strong leadership and capacity to listen. Independent members of Federal Parliament, such as Zali Steggall and Helen Haines, have been key players in advocating for climate change action and would ideally be included or offered to take a neutral leadership role in bringing this dialogue together.

Many in the community feel disaffected and threatened by the changes needed to reduce emissions. We must recognise their concerns and move past notions of 'winners and losers' to develop shared solutions that work for all Australian communities. There is a real risk of unequitable or insufficient climate change action with undesirable outcomes unless there is a federal platform for multi-stakeholder dialogue and policy coordination. It must be inclusive and open to concerns and solutions posed by diverse voices.

Most importantly, defining Australia's commitment to a safe climate future, our goals, and how we will achieve them should involve everyone. An Australian Climate Accord could do that.

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Convening the public to produce a Climate Accord would provide a transparent and accountable framework to indicate how to reduce our emissions while maintaining or improving our living standards. It must involve Aboriginal and Torres Strait Islander peoples, all forms of industry and levels of government, unions, farmers, and members of the wider community.

This could be modelled on the 1983 business-union-government roundtable to develop the Prices and Incomes Accord between the Australian Council of Trade Unions and the Hawke government. This too represented a highly divisive issue in Australian political and social life at the time.



Figures

Figure 1 Australia's emissions since 2005 and projections to 2030, compared with the current Federal Government target.

Source: National Greenhouse Gas Inventory Quarterly Update: March 2021 ([link](#))

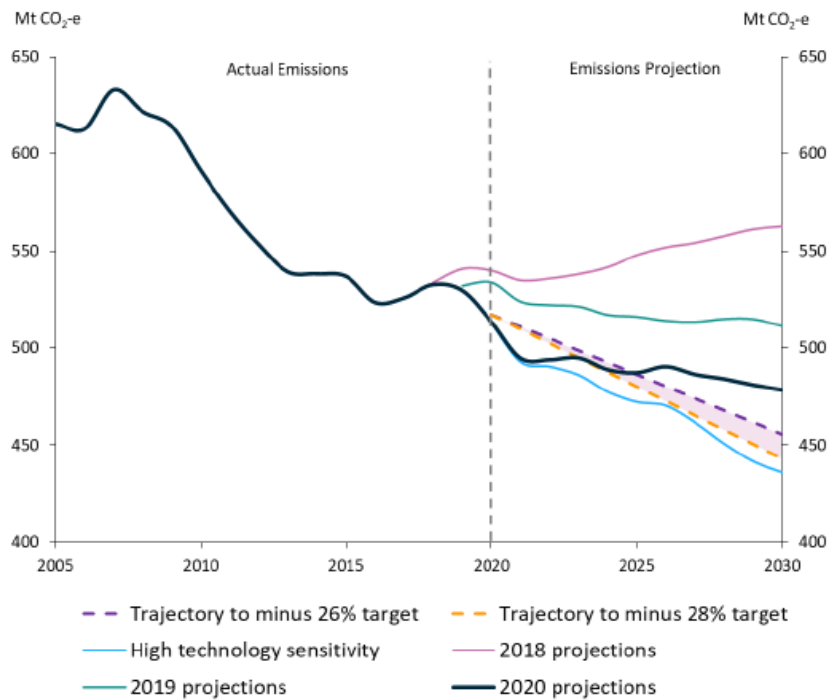
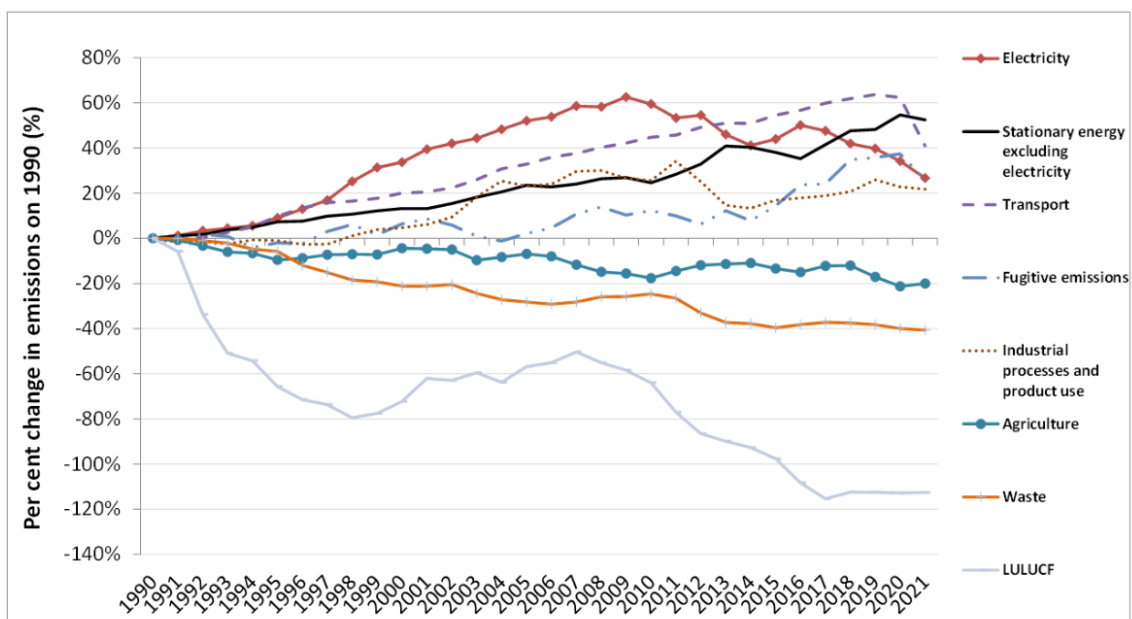


Figure 2 Percentage change in emissions reductions by sector since March 1990

Source: National Greenhouse Gas Inventory Quarterly Update: March 2021



Source: Department of Industry, Science, Energy and Resources

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Authors

Ella Plumanns Pouton is a PhD Candidate and Teaching Associate at the School of Ecosystem and Forest Sciences, Faculty of Science, University of Melbourne. Her research interests include ecology, environmental governance and social equity. Her doctoral research investigates the influence of fire and climate on heathland plants, with an emphasis on how fire can be managed to best protect biodiversity.

Professor Rod Keenan is Chair of Forest and Ecosystem Science at the School of Ecosystem and Forest Sciences, Faculty of Science, University of Melbourne. Rod has a B. Sc. (Forestry) from the ANU and a PhD in forest ecology from University of British Columbia, with research interests in forests and climate change, forest ecosystem services and forest and environmental policy.

Professor Lee Godden is Director of the Centre for Resources, Energy and Environmental Law at Melbourne Law School. She holds a Ph.D in Law and researches in environmental law and governance, including energy transition and climate adaptation, natural resources law, water law, and the intersections with Indigenous Peoples' management of 'country'.

This Policy Brief is based on article originally published in the University of Melbourne's Pursuit platform, 'The Case for an Australian Climate Accord' (27 October 2021). Link [here](#).

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