



**VTHC SUBMISSION TO THE ENQUIRY INTO INTERIM EMISSIONS REDUCTION TARGETS FOR  
VICTORIA (2021-2030)**

**JULY 2019**

## **A. Introduction**

1. The Victorian Trades Hall Council (VTHC) congratulates the Victorian Government on the climate change policies it has adopted and the actions that it has taken. We welcome the opportunity to make a submission on the important policy issue of appropriate emission reduction targets for the State of Victoria.
2. VTHC also welcomes the detailed and considered report of the Independent Expert Panel on Interim Emissions Reduction Targets for Victoria.
3. VTHC was founded in 1856 and is the peak body for unions in Victoria. VTHC represents over 40 unions and more than 400,000 workers in Victoria. These workers are members of unions that reach into every industry in the state, both in the public and private sectors.
4. This submission is made on behalf of Victorian workers and trade unions, and is made with supporting letters from a number of unions, including the Australian Services Union, the National Union of Workers, and the Australian Nursing and Midwifery Federation (Vic Branch).
5. Our submission is divided into three parts: general comments on the issue of emission reduction targets; the targets and on what basis they should be set; and what follows from setting targets.

## **B. The importance of emission reduction targets**

6. The VTHC strongly supports the State Government's decision to set emission reduction targets. The failure of the Commonwealth Government to take action on climate change commensurate with the risk it poses, and with the damage that it is already causing, makes the states' actions even more important. In the absence of a price on carbon, emission reduction targets (as well as Renewable Energy Targets) are an important means of guiding economic management and investment decisions towards a sustainable economy.
7. Reducing emissions is also a critical step in protecting the health of all Victorians.
  - a) We know that the increased frequency of catastrophic events like thunderstorm asthma, bushfires and floods is correlated with a warming climate. VTHC recognises that these hazards cause an increased burden on already stretched health services and emergency responders.
  - b) Both the Lancet Commission and United Nations have warned that climate change is threatening to undermine half a century of progress in global health. Effects are disproportionately experienced by our most vulnerable Victorians like the elderly, the immunocompromised and those from low socio-economic communities. Conversely there are health co-benefits from reducing emissions such as reduced air pollution which contributes to asthma, respiratory and cardiac disease, strokes and cancer. This ought to be considered in the light that Australia has one of the highest rates of asthma in the world, especially in children. In the Australian population as a whole, 11 per cent (or 2.5 million people) had doctor-diagnosed asthma in 2014–15. In children <15 years of age the

rate increased to 18 per cent.<sup>1</sup> These figures show there is a large group of people within the population who are vulnerable to the effects of emission derived pollutants.

- c) This personal cost comes with a financial price tag or opportunity for the government. For example, a 2018 study cited by the Department of Land, Water and Planning (DELWP) estimated the potential for avoided health costs of air pollution from use of zero emissions and autonomous vehicles of up to \$735 million in 2046 and the health costs of air pollution for the state's electricity sector alone as totalling \$600 million in 2018.<sup>2</sup>
8. Ambitious targets are important to stimulate investment in jobs in new industries, and in regions undergoing transition from fossil fuel-based industries. There is limited scope for employment growth in existing fossil-fuel based industries, not only because of the imperative to reduce carbon emissions, but also because they are largely mature industries with established business models and practices, and often undergoing processes of rationalisation and technological redundancy.
9. Emission reduction targets are an important guide to the direction in which the government and the community more broadly think the economy should be heading. As such, they help to ensure that scarce public and private resources are not wasted on projects that have limited or no future in a carbon-constrained world, thus mitigating the risk of stranded assets and wasted investment.
10. Concerned students in Victoria and all over the world have informed us loudly and clearly that our failure to set ambitious targets now places unfair burden on future generations.
11. Victoria's efforts and target setting must be consistent with the ultimate goal of the Climate Change Act 2017, to reach net zero emissions by 2050. Victoria would ideally derive its interim targets from a budget that potentiates limiting global average temperature increases to the Paris Agreement targets – i.e.: well below 2°C and as close to 1.5°C as possible.

### **C. What targets should be set, and why?**

12. Climate change poses an economic risk of a very different kind to most economy-related challenges. Most policy decisions related to the economy that governments take are of a subjective nature – that is, they are based on particular understandings of the economy and the effects of particular policies (for example, tax policy) – and subject to ideological and political contest. When governments implement policies that are not supported by the electorate, they face the risk of being voted out of office. Climate change caused by greenhouse gas emissions, however, is a very different matter. The electorate may not like the actions that a government takes to deal with climate change, but the electorate cannot vote against the science of climate change itself. Policies to reduce emissions may have varied distributional, economic and political ramifications that can be argued over; what cannot be argued over is whether failure to reduce emissions by the amount dictated by scientific assessments will have negative impacts.

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<sup>1</sup> Impact Statement for the Review of the Ambient Air Quality NEPM standards for SO<sub>2</sub>, NO<sub>2</sub> and O<sub>3</sub>, 3.2, p.24

<sup>2</sup> Estimating the health costs of air pollution in Victoria, DELWP Economics working paper to inform the Independent Expert Panel on Interim Targets.

13. This means that any government actually interested in dealing with climate change – such as the Victorian Government – has no choice but to be guided by scientific expertise when making decisions about appropriate levels of emissions reduction. Just as one cannot be half pregnant, one cannot reduce emissions to a level that is politically acceptable, but not scientifically necessary, and call that a climate-related emissions reduction strategy. The Federal Government’s climate policies – including its weak emissions reduction targets – are designed to manage a political problem rather than a climate problem determined by physics and the laws of thermodynamics, and as such they are a literal waste of time and resources. The Victorian Government must set targets based on the science, not the politics.
14. The Expert Panel’s report provides a good assessment of the risks associated with increased temperatures, and the need to limit those increases:

If warming continues at the current rate, the world is projected to reach the 1.5°C mark sometime between 2030 and 2052. The IPCC’s Special Report on the impacts of global warming of 1.5°C paints a stark picture of the dangers of reaching even 1.5°C above pre-industrial temperatures, only around 0.5°C warmer than today. In a 1.5°C world, more than 350 million additional people could be exposed to deadly heat stress globally; half the geographic range of 6% of insects, 8% of plants and 4% of vertebrates would disappear; and there is the possibility that Greenland and West Antarctic ice sheet instability would trigger multiple metres of sea level rise over the coming centuries.

The IPCC report shows that no level of warming is safe and demonstrates the importance of limiting temperature increases as much as possible. For example, at 1.5°C, coral reefs are projected to lose 70-90% cover; at 2°C of warming they would be lost completely. Warming of 2°C would also see a greater risk of the multiple threats from climate change occurring in the same place and at the same time. These compound risks would lead to new hazards and exacerbate current ones. A compound event was seen in Tasmania in January 2016, with part of the State experiencing bushfires, at the same time as heavy rainfall caused flooding in other areas. This is a particular challenge for emergency responders.

If the world is successful in limiting the global temperature increase to 1.5°C, many of the worst projected impacts of climate change in Victoria could be avoided. The impacts of climate change would still be felt in a 1.5°C world but would be less severe than the 4°C world...and less severe even than a 2°C world.

Noting this very clear assessment of the risks of exceeding the 1.5°C target, it is therefore strange to find that the panel concludes that:

While climate science clearly demonstrates that a 1.5°C world would be much safer, with significantly lower impacts than 2°C of warming, it represents an ambition that has not fully crystallised yet. While the global community committed to “pursue efforts to limit temperature increases to 1.5°C”, this has not yet been translated into commensurate commitments and action. Although evidence and experience are building around potential to rapidly reduce emissions, there are still significant uncertainties about the pace of change that can be sustained.

15. The fact that the Expert Panel was able to model a 1.5°C, as well as the 2°C, target, suggests that the level of uncertainty about the possibility of achieving 1.5°C is not as substantial as this suggests. This modelling, and the scientific evidence about the likely harm caused by exceeding 1.5°C, suggests that not only is the 1.5°C target achievable, but it is what we should be aiming for.
16. This being the case, VTHC submits that the targets adopted by the Government should be consistent with the goal of limiting temperature increases to 1.5°C.
17. What, then, would be the appropriate emissions reduction target to achieve the 1.5°C goal? Fortunately, the Expert Panel provides some guidance on this. According to the Panel's report, in order to have an even chance of reaching the 1.5°C goal, an emissions reduction target of 67% by 2030 would be necessary. However, the Panel's recommended targets are:

32-39% reduction by 2025

45-60% reduction by 2030.

VTHC submits that these targets should be revised in the following way, to ensure that we have a good chance of achieving the 1.5°C goal:

40-45% reduction by 2025

67-75% reduction by 2030.

18. The VTHC strongly supports the Expert Panel's rejection of the 28% reduction target advocated by many business organisations. This is simply not compatible with the science, and would lead to substantial economic social and health risk to the State.
19. VTHC believes that ambitious targets such as those we recommend are not only necessary to achieve what science says is required, but would have a substantial economic benefit, for the reasons set out in Part A of this submission.

#### **D. What follows from setting targets?**

20. As indicated in Parts A and B of this submission, VTHC believes that emission reduction targets are very important to guide policy decisions and public and private economic activity. Nevertheless, setting targets is only the beginning of the whole-of-government, and whole-of-society, work that needs to be done to ensure the transition to a sustainable economy is effective, efficient and just.
21. The VTHC strongly supports the Expert Panel's encouragement of just transition. In particular, we strongly support the following Panel recommendations:

It is important that Victoria builds on existing foundations to deliver a just transition. The Panel strongly encourages the Victorian Government to work with affected communities, including the Latrobe Valley, to develop a clear plan and measures to support local economic transition.

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The Panel does...strongly encourage the Victorian Government, the generation businesses, unions and the Latrobe Valley community to consult and collaborate in the formulation of policy responses and business decisions to achieve a planned and just transition. The Commonwealth Government and the National Electricity Market agencies clearly also have important roles to play in this regard.

22. As the Panel suggests, simply setting emission reduction targets and allowing “the market” to manage their achievement is not a viable strategy. Planning will be needed to manage the transition in a just and fair way. Differential emission reduction targets for different economic sectors may be necessary, but whether these are implemented or not, and whatever the targets set for sectors or the economy as a whole, sectoral and industry-level planning will be necessary to ensure as smooth and just transition as possible.
23. Victorians working in coal mining and power generation sectors of the economy have powered and helped build Victoria. It would be unacceptable to leave them, their families and communities behind. Any workers that will be affected in pursuing these targets must be at the forefront of the conversation.
24. VTHC recommends that the Latrobe Workers Transfer Scheme be extended by one year. Discussions should also begin with those in the Latrobe valley for a permanent transfer program that prioritises workers that have been most affected, providing justice and certainty to Latrobe Valley workers and their families.
25. It is also important to note that regional communities, including those particularly vulnerable to water stress, such as around Mildura, or those heavily reliant on particular carbon-intensive industries, such as Portland – will need detailed and inclusive planning around economic diversification. It should be emphasised that renewable energy, while being fundamental to the transition to a sustainable economy, will not necessarily provide all the jobs in all the regions in which transitions will take place. Thinking broadly and laterally about economic diversification will be crucial.
26. In sectoral, industry, regional and other transition processes, it is vital that communities and civil society organisations, including, most importantly, unions, are deeply engaged. The history of industry restructuring in Australia – in particular the privatisation of the electricity industry – has left workers and unions sceptical about the possibility of a truly just transition. This is hindering the worker and union engagement that is necessary to a smooth transition. An unplanned transition is, by nature, an unjust transition.
27. The government must recognise that good secure union jobs are the cornerstone of combating inequality and ensuring that there is justice in the transition to a new low-emissions economy. The Victorian government and Transition Authorities must play a role in ensuring that renewable energy projects are planned to maximise local jobs throughout the supply chain, including manufacturing, to ensure good union jobs, plan for direct redeployment and training of workers from high-emissions industries, and include measures to reduce inequality and ensure the community benefits. As part of these efforts, the VTHC supports the document and proposals submitted to this Inquiry by the Maritime Union of Australia Division of the Construction, Forestry, Maritime, Mining and Energy Union, titled *Putting the ‘Justice’ in ‘Just Transition’: Tackling inequality in the new renewable economy*, which focusses on the Star of the South offshore wind project planned for construction off the coast of Gippsland.

28. Ambitious emission reduction targets are important to realise the benefits of scale, collaboration, Research and Development etc that would come with a synchronized and concerted shift to a sustainable economy. Such coordination and planning would also help to realise employment and just transition goals, and minimise social, economic and political dislocation in affected communities.
29. One example of how broader planning is necessary to manage the impacts associated with emission reductions on workers is provided by the concept of electricity demand management. VTHC strongly supports demand management, but we point out that its implementation cannot simply be left up to negotiations between companies, electricity suppliers and regulators. Workers in affected companies must also be given consideration. If a decision is made to reduce electricity demand by shutting down businesses or business activities at certain times of demand and supply stress, VTHC insists that stand-down provisions must allow for no reduction in pay for affected workers.
30. In order to manage the complex process of just transition, VTHC recommends the establishment of an appropriate administrative structure. VTHC is supportive of the work of the Latrobe Valley Authority, and strongly recommends the Authority's future be confirmed, complete with adequate funding to perform its functions. Further, we recommend that similar Authorities be established in other regions, overseen by a central Just Transition Authority. Whatever the structure the Government might decide upon, we believe it vital that an Authority is required to coordinate the many actions and policy initiatives that are required to ensure a just transition to a sustainable economy. Currently, responsibilities are spread across many ministries, departments and agencies, with inevitable inefficiencies. These could be alleviated by the establishment of a central coordinating authority, with appropriate representation within the State's regions.
31. VTHC also notes that the public sector has substantial capacity to drive emissions reduction by leading and demonstrating how to do it. Operations owned by or funded by the State Government make up a substantial proportion of the state's economy. Ensuring that these operations lead in meeting emission reduction targets will be vital to ensuring the state meets any targets set through this consultative process. Involving workers and their unions in the process will be vital to ensuring targets are met efficiently and fairly.
32. When considering the costs of climate change, health effects have been largely ignored; there is room for the government to resource education and messaging to bridge this gap. Research presented by Sustainability Victoria has shown that once the connection is established between climate change and its health impacts, this is highly meaningful to Victorians but it is not automatically made. Trusted messengers, such as health professionals need to be resourced and enlisted. Informing the public needs to strike a balance between being serious enough to motivate action and participation in the changes that emission reduction entails without overwhelming and causing disengagement. The research suggests that information needs to be practical, easy to digest and tangible so that proactive action is taken on both climate change and health, rather than limiting focus to reactive actions only.<sup>3</sup>

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<sup>3</sup> Key findings from the qualitative research study by Sustainability Victoria – Climate change and health: do people understand the link, March 2019.

## **E. Conclusion**

VTHC and its affiliated unions welcome the opportunity to contribute to the important process of setting emission reduction targets for Victoria. Targets must be based on scientific expertise, and the necessity to minimise harm from climate change. The science and economic modelling suggest that aiming to hold temperature increases to 1.5°C goal is possible and necessary. This would entail adopting the following emission reduction targets:

40-45% reduction by 2025

67-75% reduction by 2030

VTHC reiterates that the Victorian Government must engage proactively with Victorian workers and their unions to ensure the impacts of transitions from high emissions industry are appropriately managed.

VTHC stands ready to contribute to the important work of achieving these targets and transitioning our State to a sustainable economy, and remain committed to representing the voices and interests of workers in that transition.