Introduction

Extreme weather events like heatwaves, fires, floods and storms are increasing as a result of climate change, threatening people’s homes, livelihoods, health, quality of life, employment and the environment that sustains us.

Those dependent on low incomes and experiencing disadvantage are more vulnerable to climate change impacts. A poorly managed transition to a clean economy places these households at greater risk, because they have less choice and control over the dwellings they live in, and the products and services they buy. They are, therefore, less able to cope, adapt and recover.

Climate change is not just an environmental issue, it is a social justice issue. Failing to halt climate change will cause greater poverty and inequality in the future.

To limit the impacts of dangerous climate change, the world and Australia needs to rapidly reduce its emissions. This can, and should, be achieved in a low-cost, equitable and inclusive manner, to make sure that people on low incomes or experiencing disadvantage are not left worse off. While there are likely to be some costs as we transition to a clean economy, these costs increase the longer we delay creating intergenerational inequity. Where there are costs, those most at risk of disadvantage must be supported, including those on low incomes.

The poorly-managed transition to clean energy is particularly concerning. The energy sector is Australia’s largest single emitter of greenhouse gases and must be a key part of Australia’s contribution to limit global warming. It also has better access to affordable clean technology than many other sectors, so it can and should transition faster. However, it must be done in a way that is affordable and equitable.

Skyrocketing electricity prices, inequitable clean energy policies, and uneven distribution of distributive energy such as household solar and batteries, mean that low-income households are struggling to heat and cool their homes and afford other essential services. This is because they pay disproportionately more of their income on energy bills compared with other households and lack choice and control. Energy affordability and equity measures are needed to relieve energy stress and support the rapid transition to clean energy.

Even if we rapidly reduce emissions, the world has already locked in significant levels of pollution and will continue to experience sea level rise, acidification of oceans and more frequent extreme weather events such as heatwaves, fires, floods and storms. We need to build resilience and reduce the impact of climate change on people experiencing poverty and disadvantage.

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The next government should put in place a credible plan for a just, equitable and rapid transition to a clean economy, and support people and communities to better adapt and become more resilient to climate change impacts.

**Cut carbon pollution**

**Set emissions reduction targets in line with Paris agreement to limit global warming to 1.5°C**

Australia has committed to achieving the Paris Agreement to limit global temperature increases to well below 2°C and pursue a limit of 1.5°C.\(^2\) As a relatively wealthy developed nation, we have a responsibility to lead by responding more rapidly than less developed countries. The government has set a 2030 emissions reduction of 26-28% on 2005 levels, which is inadequate to meet the Paris goal.\(^3\) Failure to rapidly reduce emissions is putting at risk the environment, threatening people’s homes, livelihoods, health, quality of life, employment and increases risks and burdens for future generations.

<table>
<thead>
<tr>
<th>Recommendation 1 The next government should:</th>
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<tr>
<td>(1) Set a long-term domestic emissions reduction target to achieve zero net emissions before 2050 and a short-term emissions reduction target of at least 45% by 2030;</td>
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<td>(2) Prioritise the energy sector for faster, early emissions reductions;</td>
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<td>(3) Ensure the target-setting process is consistent with the Paris Agreement by:</td>
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<td>+ Including a no-backsliding provision;</td>
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<td>+ Enabling emissions reduction targets to be increased outside set review periods; and</td>
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<td>+ Giving the relevant federal minister discretion to change the target after consultation with the public.</td>
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\(^2\) [https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement](https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement)

Policy priorities for the next government: Climate change and energy

Implement credible, stable, scalable, least cost and equitable emission reduction policies for emissions-intensive sectors

At a national level there are no credible policies in place to reduce Australia’s emissions, which continue to rise. Independent global analysts, ClimateTracker, finds that: “for Australia to meet its ‘insufficient’ 2030 emissions targets, Australian emissions should decrease by an annual rate of 1.5% to 1.7% until 2030; instead, with current policies, they are set to increase by an annual rate of around 0.3% per year.”

Recommendation 2 The next government should urgently develop a plan and implement policies to reduce carbon emissions, that are credible (delivering on the Paris target), stable, scalable, low-cost, and equitable, and protect vulnerable groups. These reforms should:

1. Preferably take the form of an emission trading scheme (with complementary measures);
2. Prioritise the emissions-intensive electricity sector;
3. Be informed by a review of the impact on low-income households, affected workers and communities, and energy-intensive trade exposed industries, and include appropriate equity measures to assist those affected;
4. Raise funds to support the transition for vulnerable groups including households with low incomes, and investment in clean technology and climate resilience.

Ensure a ‘just transition’

Some people and communities will experience negative effects from our response to climate change, such as those depending heavily on burning or extracting fossil fuels. In addition, plans should include a focus on the required skills and support to take advantage of these opportunities.

Recommendation 3 The next government should establish a statutory authority responsible for supporting communities adversely affected by the transition to cleaner energy sources, to:

1. Coordinate plans to strengthen regional economic diversity;
2. Manage coal closure and oversee worker support;
3. Oversee an industry-wide multi-employer pooling and redeployment scheme that provides retrenched workers with the opportunity to transfer to roles with other energy generators or to retrain and transition to other sectors.

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4 https://climateactiontracker.org/countries/australia/current-policy-projections/
Policy priorities for the next government: Climate change and energy

Phase out fossil fuel subsidies

In the revenue section of this statement, we advocate removal of fuel tax credits for off-road use, (except agriculture). This and other fossil fuel subsidies support emissions production and distort the need for energy efficiency, fuel switching, or investment in other forms of renewable energy or transport. They favour particular and high polluting industries, subsidising the production of carbon pollution the very thing governments are handing out dollars in other parts of the economy to prevent. Instead, the funds should support a just transition for workers and communities, assist low-income households access affordable clean energy, and support climate resilience and adaptation.

Support a rapid transition to clean affordable energy

Energy efficiency and generation in public and private housing

More than 95% of homes in Australia have poor energy efficiency leading to high energy bills or energy deprivation resulting in serious health and financial stress. Recent research by ACOSS and the Brotherhood of St Laurence found the energy efficiency and productivity measures like rooftop solar, can reduce energy bills by more than $1,000 per annum in some cases. People on low incomes and renters lack choice and control to improve energy efficiency of their homes.

Recommendation 4 The next government should:

(1) Coordinate with State and Territory governments to introduce mandatory energy efficiency standards for rental properties, including landlord incentives and safeguards to minimise rent increases;

(2) Develop a funding mechanism (like the Solar Cities program) in conjunction with State governments, local councils and energy retailers, to install energy efficiency measures and solar photovoltaic technology for households with low incomes or who are otherwise disadvantaged;

(3) Work with State governments to create an investment vehicle to invest in solar and energy efficiency equity programs for public and community housing;

(4) Establish a Clean Energy for Indigenous Communities Fund to invest in energy efficiency improvements for remote Aboriginal and Torres Strait Islander communities.
A fair electricity price

Retail energy market competition was supposed to increase efficiency and lower energy prices. Quite the opposite has happened and we are seeing high standing offers, opaque discounting, high retail margins, and increased costs as retailers compete to acquire and retain customers. While some low-income households actively shop around, many are unable to access fair deals and pay too much for energy that is essential to their health and well-being.

**Recommendation 5 The next government should:**

1. Use the COAG process to coordinate implementation of a fair regulated default electricity retail price. This price should replace standing offers, serve as a reference price to compare market offers, apply to flat-rate and load tariffs based on fair retail margins, and be available to all consumers if they opt in;
2. Request an energy market rule change to restrict conditional discounts, such as pay-on-time discounts, to ensure they reflect the true costs of late payment of bills.

Improve people’s capacity to pay energy bills

Low-income households spend disproportionately more than other households on energy. For example, the lowest-income households now spend on average 6.4% of their income on energy, while the highest-income households spend on average 1.5% (after energy concessions are taken into account). The size of energy bills and capacity to pay are two key factors.

In the social security section of this statement, we advocate a $75 per week increase in single rates of Newstart and other Allowance payments and increases in Rent Assistance and family payments for those with low incomes, especially sole parents. In addition, the Energy Supplement for low-income households should be retained in full.

**Recommendation 6 The next government should work with COAG Energy Ministers to undertake a review to improve the uptake and adequacy of energy concessions, including by shifting to full or partial percentage-based concessions.**

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How these polices are implemented will be important to minimise or avoid negative consequences. Consultation with consumer groups will be important in design and implementation to take into account jurisdictional views and experiences.
Policy priorities for the next government: Climate change and energy

Adopt energy affordability benchmarks

**Recommendation 7** The next government should develop official indicators of energy affordability and stress to measure and reduce energy stress over time. This can be achieved by:

1. Commissioning an expert review (similar to the Hills review in the United Kingdom) to identify appropriate metrics by which energy stress and affordability can be measured.
2. Including income and energy expenditure-based metrics and deprivation indicators (such as not being able to afford to heat or cool a home).
3. Once these indicators are adopted, COAG should set benchmarks for energy affordability and report on progress over time, including which energy policy and market reforms deliver energy affordability.

Build resilience to the impacts of climate change

**Improve people’s resilience to the impacts of climate change**

People on low-incomes and experiencing disadvantage struggle the most to cope, adapt and recover from climate change impacts. People experiencing poverty or disadvantage before an extreme weather event are often left worse off after the event due to factors such as under-insurance, loss of employment, loss of housing, and increased cost of living. Their needs must be incorporated into national and local climate change adaptation, resilience and emergency management strategies, including a focus on health, inclusion, communication and recovery services.

**Recommendation 8** The next government should:

1. Update the National Climate Resilience and Adaptation Strategy 2015 to specifically include socially vulnerable people and the community services sector as one of its eight priority sector and policy areas;
2. Support the development of an Australian social vulnerability map similar to ClimateJust in the United Kingdom or the Social Vulnerability Index in the United States, to support the development of local climate change adaptation and resilience plans;¹
3. Work with State and local governments, the health sector, emergency management sector and other relevant stakeholders to develop local climate change adaptation and resilience plans, and support programs to strengthen individual and local communities’ capacity to better adapt and become resilient to local climate change factors;¹
4. Undertake a review of insurance and climate change, including specific issues and solutions for people on low-incomes;¹
5. Invest in more climate resilient homes, including improved energy efficiency (see policy above).
Help community organisations respond to climate change

Community sector organisations play a critical role in emergencies and disasters, especially for vulnerable people, but are themselves highly vulnerable to extreme weather events. Community organisations must be supported to adapt to climate change and improve organisational resilience to continue to provide critical help to people and communities in times of need.

**Recommendation 9** The next government should establish a program to support the community sector to:

1. Undertake risk assessments and implement disaster management and service continuity plans;  
2. Deliver the emergency RediPlan (personal emergency plan) to community sector clients;  
3. Ensure vulnerable people are protected during emergencies;  
4. Undertake climate change and extreme weather preparedness and response training for staff and volunteers;  
5. Raise awareness of the serious risks to service delivery and people experiencing poverty from climate change and worsening extreme weather events;  
6. Provide additional funds in service agreements for community organisations delivering federally funded NDIS and aged care services, to support these organisations to adapt to climate change, be better prepared for emergencies and disasters and ensure continuity of care for vulnerable people;  
7. Participate in emergency management planning, response and recovery at all levels.

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6 ACOSS has developed a Resilient Community Organisations Toolkit for this purpose: [http://resilience.acoss.org.au/](http://resilience.acoss.org.au/)