

ACFID's Submission to the Climate Change Authority's *Targets, Pathways and Progress Issue Paper*

ACFID would like to thank the Climate Change Authority for the opportunity to make this submission concerning the *Targets, Pathways and Progress Issue Paper* and Australia's next Nationally Determined Contribution (NDC). This submission has been co-authored by the ACFID Secretariat, ActionAid Australia, Oxfam Australia, Plan International Australia, and UNICEF Australia.

About ACFID

The Australian Council for International Development (ACFID) is the peak body for Australian non-government organisations involved in international development and humanitarian action.

OUR VISION

Our vision is Australia acting with compassion and fairness for a just, sustainable and equitable world.

OUR SHARED PURPOSE

Our purpose is to lead, unite and support international development and humanitarian organisations to realise our vision.

ABOUT ACFID

Founded in 1965, ACFID currently has 128 full members and 21 affiliates operating in more than 65 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.83 billion (2020 - 21), \$721 million of which is raised from over 996,000 thousand Australians. ACFID's members range from large Australian multi-sectoral organisations that are linked to international federations of NGOs, to agencies with specialised thematic expertise, and smaller community-based groups, with a mix of secular and faith-based organisations.

ACFID members must comply with the ACFID Code of Conduct, a voluntary, self-regulatory sector code of good practice that aims to improve international development and humanitarian action outcomes and increase stakeholder trust by enhancing the transparency,

accountability and effectiveness of signatory organisations. Covering 9 Quality Principles, 33 Commitments and 92 compliance indicators, the Code sets good standards for program effectiveness, fundraising, governance and financial reporting. Compliance includes annual reporting and checks. The Code has an independent complaint handling process.

ACFID'S VALUES

INTEGRITY

We act with honesty and are guided by ethical and moral principles in all that we do.

ACCOUNTABILITY

We take responsibility for our actions and are accountable to our stakeholders, and in particular primary stakeholders, for our performance and integrity.

TRANSPARENCY

We openly share information about our organisations and our work with all our stakeholders and the public.

RESPECT

We recognise the value and diversity of all people and are committed to treating others with due regard for their rights, dignity and integrity.

EFFECTIVENESS

We strive to deliver outcomes that bring about positive change in the lives of people living in poverty.

EQUITY

We are committed to overcoming prejudices and disadvantage and promoting fair and just access to resources and opportunities.

COOPERATION

We work with and alongside others in a spirit of mutuality, respecting diversity and difference in the pursuit of common goals.

Executive Summary

International development and humanitarian organisations are working directly with communities on the frontlines of climate change in the Asia Pacific region and beyond. ACFID's members are united on the need for an urgent and just global transition, recognising that climate change is the greatest threat to livelihoods, security, and wellbeing across the world. Climate change threatens decades of development progress across a wide range of development goals, including health, education, poverty reduction, human rights, food security, gender equality and peacebuilding.

This submission has been co-authored by the ACFID Secretariat, ActionAid Australia, Oxfam Australia, Plan International Australia, and UNICEF Australia. We argue that the Climate Change Authority must advise the Minister for Climate Change and Energy to implement a science-backed emissions reduction target that is aligned with limiting global warming as close as possible to 1.5 degrees. Further, we outline the responsibility Australia has as a major developed economy and a significant contributor of greenhouse gas emissions to support developing countries to decarbonise and develop sustainably - including through providing our fair share of high-quality climate finance and by using our power and influence in multilateral negotiations to represent the needs and interests of developing countries.

Question 1: How should the authority take account of climate science and Australia's international obligations in considering possible emissions reductions targets for 2035?

Australia has the economic capacity and the responsibility to act in line with climate science to keep warming below 1.5 degrees. Doing so is in the national interest, builds support and solidarity with partners across the Asia Pacific, and is essential to show Australia is contributing its fair share towards the global effort to mitigate climate change. Pacific leaders have called upon Australia to support the Port Vila Declaration for a Fossil Fuel Free Pacific, managing a global, equitable, and unqualified phase out of coal, oil, and gas in line with 1.5 degrees.¹ Australia, given its outsized historical and current emissions and its continued extraction and export of fossil fuels, must take account of these calls when formulating its reduction targets.

Based on analysis of the latest climate science by Climate Resource in 2022, for a 50% chance of limiting warming to 1.5 degrees Australia's emission reduction target should be set at no lower than 75% below 2005 levels by 2030 and zero by 2035.² Climate Action Tracker calculates Australia's fair share contribution towards global emissions reduction as at least 61% below 2005 levels by 2030 (including Land Use, Land-Use Change and Forestry [LULUCF]).³ Based on best available research, the Australian Council for International Development calls on the Australian Government to implement an ambitious target of 75% below 2005 levels by 2030, and zero by 2035. Failure to do so will send the wrong signal to other countries, suggesting that misaligned targets are acceptable, likely leading to global warming surpassing the 1.5 degree threshold. We know from the IPCC's projections that surpassing the 1.5 degree threshold will be costlier in terms of human lives, livelihoods, and wellbeing than taking the climate action to prevent it.⁴ Alongside strong, science-based emission reductions targets, the government must make a commitment for the rapid phaseout of coal, oil and gas in line with the Port Vila call and with keeping global warming below 1.5 degrees.

Question 2: How should the authority weigh the goals of ambition and achievability in considering possible emissions reductions targets for 2035?

¹ Pacific Members of Parliament (2019), *Port Vila Declaration on Human Rights, Good Governance and Sustainable Development*, signed on 7 November 2019, accessed via Pacific Data Hub, <https://pacificdata.org/data/dataset/port-vila-declaration-on-human-rights-good-governance-and-sustainable/resource/38421a56-3f15-4491-ab8c-33ac1453c09c>

² Malte Meinshausen and Zebedee Nicholls (2022), *Comparison between Australia's 2030 and 2050 emission reduction targets and 1.5C pathways*, Climate Resource, https://www.climate-resource.com/reports/wwf/WWF_March2022_a.pdf

³ Climate Action Tracker (2023), Country profile: Australia, <https://climateactiontracker.org/countries/australia/>

⁴ IPCC (2022), Summary for Policymakers, *Climate Change 2022: Impacts, Adaptation and Vulnerability*, Contributions of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, <https://www.ipcc.ch/report/ar6/wg2/chapter/summary-for-policy-makers/>

Keeping Australia and the region stable and secure must be of primary importance for the Climate Change Authority and the Australian Government. Climate change is already causing immense harm to this and future generations, exacerbating inequality within Australia and internationally, and exacerbating conflict, forced displacement, and political instability. The Authority must have the strongest possible ambition and investment in emissions reduction as climate change is an existential threat for communities in our immediate region. Aligning efforts to keep warming to 1.5 degrees is essential, as is ensuring that mitigation targets are decided based on the projected impacts to communities most climate exposed and climate vulnerable, not those least exposed and most protected (due to structural privileges).

Question 3: How can Australia further support other countries to decarbonise and develop sustainably?

Australia's contribution to the climate crisis extends far beyond its domestic emissions profile, with the emissions footprint of Australia's exported fossil fuels being more than twice that of its domestic emissions. Australia continues to be the world's largest metallurgical coal exporter (52% of global trade), world's second largest thermal coal exporter (17% of global trade) and equal second largest liquified gas exporter (20% of global trade).⁵ Despite the Government's stated ambition to become a renewable superpower, Australia continues to be frequently cited as one of the countries in the world where fossil fuel development plans are most off-track with a 1.5 degree aligned future.⁶ Australia should rapidly transition our exports away from fossil fuels. Doing so will also reap economic benefits by diversifying Australian exports in anticipation of a reduction in global demand as collective ambition to reduce emissions increases.

Australia is a major economy that has the capacity to support developing countries to decarbonise and develop sustainably through the provision of climate finance. Climate finance can also enable countries to adapt to climate impacts and recover from the loss and damage experienced when adaptation has been insufficient.

The level of need for climate finance in developing countries is substantial. \$2.4 trillion in annual investment will be required by 2030 to support the energy transition in low-income countries and keep 1.5 degrees within reach, according to the Grantham Research Institute.⁷ Based on best available science, the UNFCCC estimates financing needs for adaptation at USD \$200-250 billion by 2030, and loss and damage at USD \$200-400 billion to meet escalating needs in its 2023 UNFCCC Secretariat report on elements of the Global Stocktake.⁸

In 2022-2023, Australia spent only \$AUD571.1 million on ODA climate finance, approximately 12.5% of its overall ODA spend that year, and a further \$AUD 96.1 million on non-ODA climate finance.⁹ This is significantly below Australia's fair share of \$AUD 4 billion per year of the overall \$USD 100 billion global climate finance goal agreed at COP15.¹⁰

In addition to the quantum of climate finance, the quality of Australia's climate finance also needs improvement. To be effective, Australia should deliver climate finance through mechanisms and activities that do not add to sovereign debt distress and that prioritise direct access modalities (including delivering a greater proportion towards local civil society).¹¹ Climate finance should also be accessible and responsive to the needs and priorities of communities who face

⁵ Australian Government, Department of Industry, Science and Resources (2024, March), *Resources and Energy Quarterly*, <https://www.industry.gov.au/sites/default/files/2024-03/resources-and-energy-quarterly-march-2024.pdf>

⁶ The Australia Institute (2023), *New fossil fuel projects in Australia 2023: Potential emissions from new major coal and gas projects*, <https://australiainstitute.org.au/wp-content/uploads/2023/03/P1359-New-fossil-fuel-projects-on-major-projects-list-and-emissions-WEB.pdf>

⁷ Grantham Institute on Climate Change and the Environment (2023), *COP28 report warns Paris Agreement goals are at risk without accelerated investment in developing countries*, <https://www.lse.ac.uk/granthaminstitute/news/cop28-report-warns-paris-agreement-goals-are-at-risk-without-accelerated-investment-in-developing-countries/>

⁸ UNFCCC (2023, October), *Synthesis Report: Views on the elements for the consideration of outputs component of the first global stocktake*, <https://unfccc.int/documents/632292>, p. 27.

⁹ Australian Government, Department of Foreign Affairs and Trade, 'Delivering our climate finance commitments', <https://www.dfat.gov.au/international-relations/themes/climate-change/supporting-indo-pacific-tackle-climate-change/delivering-our-climate-commitments>

¹⁰ Oxfam Australia (2022), *Falling Short: Australia's role in funding fairer climate action in a warming world*, https://www.oxfam.org.au/wp-content/uploads/2022/09/2022-ACT-004-Climate-Finance-Report_Digital.pdf

¹¹ ACFID (2024), *Combating climate change – the greatest threat to livelihoods, security, and wellbeing*, https://acfid.asn.au/wp-content/uploads/2024/03/2024_ACFID_Climate-Policy-Brief_updated.pdf

the worst consequences of climate change now and in the future, including First Nations people, women, LGBTQIA+ people, children and young people, the elderly, people with disabilities and people living in poverty. Ensuring that members or representatives of these communities have meaningful opportunities to participate in the design and development of NDCs is paramount, as is embedding inclusive-financing strategies and modalities. For example, the incorporation of child and gender-responsive climate finance would ensure greater emphasis is placed on the provision of low-carbon, climate-resilient social services across the region.

Outside of financial measures, Australia can also respond via influencing measures, using its position in international institutions and organisations such as the UNFCCC, the OECD, the G20 and multilateral development banks such as the Asian Development Bank (ADB), to represent the interests and needs of its climate-vulnerable neighbours and enable genuine global cooperation for a just climate transition. Australia can ensure that current and future mechanisms for climate action, such as the Global Goal for Adaptation, the New Collective Quantified Goal for Climate Finance and the Loss and Damage Fund, match the scale of need for developing countries, reach local communities where they are, address intersectional inequalities, and enable flexibility and programmatic stability over the long-term.

For example, ACFID member Oxfam has recently conducted an analysis of the ADB's climate adaptation investments, which found significant areas for improvement in terms of accuracy of reported investments, transparency, targeting and grant based support to Small Island Developing States and Least Developed Countries.¹² With a seat on the Board of Governors, Australia has a crucial role to play in ensuring the ADB, the biggest provider of climate finance in our region, is appropriately supporting decarbonisation and sustainable development.

Question 6: How can governments stimulate private finance needed for the net zero transition – are there innovative instruments that could be deployed or new business models that governments could support? Is there a bigger role for governments to play in coordinating the investment needed to transition the economy?

The business model for the fossil fuel industry includes externalising the true cost of its product – that of climate change – onto society at large, particularly communities who can least afford to deal with climate impacts.

The Australian Government should look to innovative sources of financing to unlock the finances needed to mitigate and adapt to climate impacts both at home and in developing countries. As a first step, the Australian government should stop subsidising the fossil fuel industry and redirect those funds to help communities in Australia and developing countries to address mitigation, adaptation and loss and damage needs. Australia's fossil fuel subsidies currently sit at \$AUD 11.1 billion per year.¹³ The government should play a bigger and more proactive role in facilitating opportunities for co-financing adaptation initiatives which catalyse significant mitigation co-benefits and build resilience at a national and regional level over the long run.

The government can also look to broader tax reform and debt relief options. Options for new forms of revenue could include taxing polluters and carbon users, introducing a wealth tax, and increasing the global minimum corporate income tax rate.

¹² Oxfam (2024), *Unaccountable Adaptation: The Asian Development Bank's overstated claims on climate adaptation finance*, <https://policy-practice.oxfam.org/resources/unaccountable-adaptation-the-asian-development-banks-overstated-claims-on-clima-621602/>

¹³ The Australia Institute (2023), *Fossil fuel subsidies in Australia 2023: Federal and state government assistance to fossil fuel producers and major users in 2022-23*, <https://australiainstitute.org.au/wp-content/uploads/2023/05/P1378-Fossil-fuel-subsidies-2023-Web.pdf>