

Communities in a changing climate:

Social and equity impacts of climate change and the community sector

Tony Westmore
Senior Policy Officer
Australian Council of Social Service



The same page

- > urgent action: climate change is real
- > cost of inaction is greater than cost of action
- > climate change **and** responses
- > suite of responses: complementarity

- > abatement: reduce greenhouse gas emissions
- > mitigation: human intervention to reduce emissions
- > adaptation: the heat is on
- > mitigation = adaptation = mitigation

- > carbon price: internalising an externality
- > intended result is price increases (relative)
- > assumption is that prices eventually decrease



What do we want? CPRS? When...

- > leadership: home and away
- > linkages: global problem, global solutions
- > a line, a start
- > alternatives: tax, regulation
- > delays
- > rational / irrational
- > possible / impossible
- > responsible / irresponsible
- > 5% is 40% off 'business as usual' and not enough



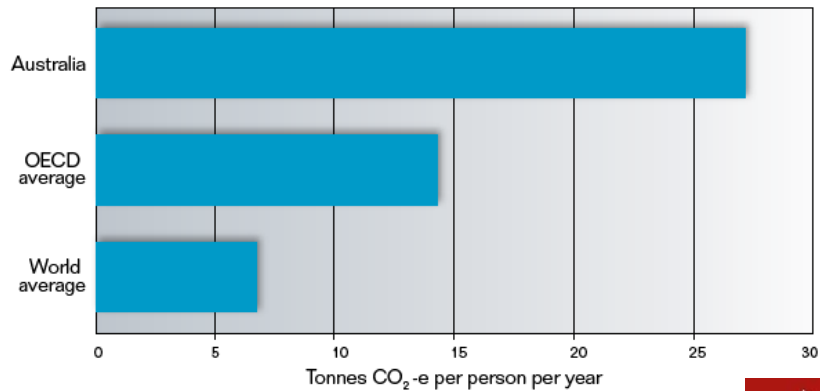
Our interests

- > low income households
- > the sector
- > strongly affected communities
- > the idea of 'transition'
- > "skin in the game"
- > partnerships
 - ACTU, Choice, ACF, The Climate Institute
 - The Southern Cross Climate Coalition
- > opportunities
 - investment, enterprise, employment
 - participation, inclusion, amenity



Aussie champions

Figure 8.1 Per capita greenhouse gas emissions, 2005



Source: DCC (2008b) and IEA (2007a).



Low income households

higher propensity to rent (either private or public) than own

"unable to raise \$2000 in a week for emergency": of lowest quintile: 29%

"could not pay utility bills": 21%, 19%, 17%

"unable to heat home due to shortage of money": lowest quintile 5%

and climate change

generally less well equipped to cope, adapt, move

at higher risk of adverse impacts including health

more exposed to risks from economic transitions'



Low income households and energy

an essential service

tendency to consume less than 'average' and to under-consume

spend half the money, twice the proportion of income

prices increasing steeply regardless of carbon price

consumer protections including hardship programs under review

Treasury modelling

\$5/week increase in electricity prices

\$2/week increase in gas prices



Community services, low income households and climate change

community services provide critical support to low income households and vulnerable communities

share some characteristics of low income households:

relatively less capacity to cope, adapt, move

unlike businesses, in most instances can't pass through cost increases

responses; information, efficiency, investment, indexation

monitoring: changing patterns of demand



CPRS - Modelling impacts

Treasury *: worst case 1.1% CPI @ \$20/t [0.8%]

Garnaut: worst case 1.2% CPI @ \$20/t [0.8%]

Brain**: worst case 1.9% CPI @ \$20/t [0.3%]

* Treasury assumes start in 2010 at \$23/t = 1.3%

** CO2 only, some other qualifications

½ direct energy and fuel, ½ 'embedded' carbon

CPRS White Paper - Revenue

assumes permit price is \$25/t in 2010; revenue
\$11.5bn '10-'11, \$12.0bn '11-'12



CPRS - Expenditure

assistance for low income households
from 1 July 2010 (or Scheme commencement)

all pensions, benefits, allowances 2.5% increase

FTB A base rates per child increase

FTB B 2.5% increase

tax cut: LITO increases \$390

motorists: fuel tax adjustment

others: \$500 'transitional payment'

nb: the 2.5% increase includes 1.1% expected
increase on cost of living plus 1.4% buffer
ongoing plus ongoing indexation ex-post



CPRS: Climate Change Action Fund

\$2.15 bn over five years beginning '09-'10

> **information** to business and community service organisations \$0.13bn

> **grants and incentives** for business and community service organisations \$1.37bn

> **structural adjustment** for workers and communities impacted by the scheme \$0.20bn

> structural adjustment assistance for **coal mines w/ high fugitive emissions** \$0.5bn (plus 0.25 later)



CPRS - Expenditure

	\$bn 10-11	\$bn 11-12
assist low, middle income	3.9	6.0
fuel tax adjustment	2.4	2.0
e-intensive, t-exposed	2.9	3.1
<i>strongly affected</i>	<i>0.7</i>	<i>0.7</i>
cc action fund	0.7	0.7

CPRS - Efficiency

"the Government will deliver measures prior to the commencement of the Scheme"



Energy Efficient Homes Program

announced 03/02/09 \$3.9bn

funded from consolidated revenue ie NOT scheme

install ceiling insulation in 2.7 million homes

including 500,000 rental properties

to end 2011

increase solar hot water rebate from \$1000 to \$1600

not means tested

to mid 2011

opportunities for non-government organisations



Professor Garnaut

to work towards stabilising at 450ppm and a best chance of minimising risk temperature increases ~2°C

1.6% decrease in GDP

2.0% decrease in GNP

2.4% decrease in consumption

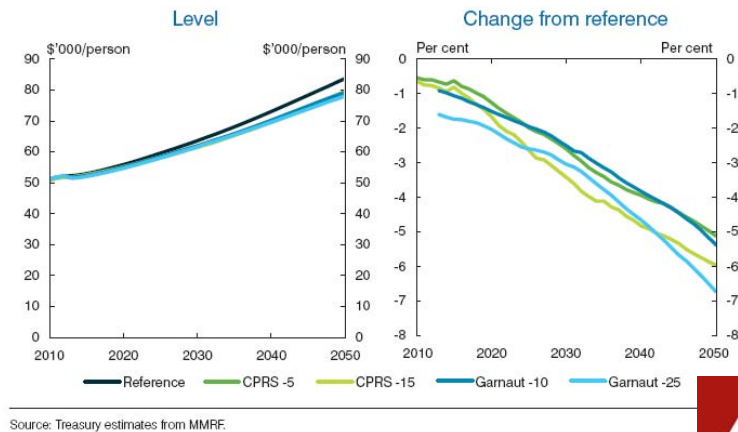
or a range of alternatives from second best (550ppm) to do nothing

**What would this mean for you?
for your organisation?**



The Treasury

Chart 3.1: Australian real GNP per capita



Policy principles:

- > any action in response to climate change must be efficacious
- > the benefits must outweigh the costs
- > decouple programs from revenue (timing, quantum)

low income households should be better off

no group of low income households need be worse off

guaranteed protections to include

- > cash 'compensation'
- > real energy efficiency improvements
- > fair tariffs and community service obligations



Taking care of business

assistance to industry should be:
conditional to the extent of thoroughly documented assessment
processes, efforts towards abatement as appropriate and
a regime of monitoring, compliance and penalty.

all responses should be: evidence based; consistent and
coordinated; transparent in design and operation, held
accountable and thoroughly reported. benefits of action should
outweigh the costs and also outweigh the costs of inaction.

outcomes should be verifiable.



Next steps

- > Senate Inquiry - fuel and energy (in train)
- > Senate Inquiry - emissions trading (mooted)
- > exposure draft legislation - CPRS (released 10/03)
- > consultation on draft (until early April)
- > legislation tabled - May
- > Senate Inquiry - CPRS legislation (likely)

- > sector statement?
- > work in partnership
- > review modelling, bids for compensation
- > meetings with Ministers: efficiency, sector impacts
- > advocacy re: targets and trajectories
- > advocacy re: energy efficiency

