

**VICTORIAN
GOVERNMENT
RESPONSE TO THE
INDEPENDENT
REVIEW OF THE
CLIMATE CHANGE
ACT 2010**

VICTORIA

**State
Government**

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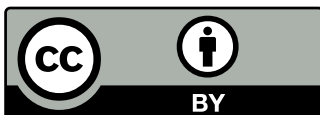
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Foreword

The Independent Review of the *Climate Change Act 2010* ensures Victoria will be a leader on the world stage in its response to climate change.

The Andrews Labor Government commends the Independent Review Committee, chaired by Mr Martijn Wilder AM, with members Ms Anna Skarbek and Professor Rosemary Lyster, for its comprehensive review into the Victorian *Climate Change Act 2010*.

The recommendations of the Committee complement the international community's commitment, under the Paris Agreement, to ensure that the increase in the global average temperature stays well below 2 degrees celsius. Victoria's long term target and interim target process align with the Paris Agreement and by putting our targets in legislation, creating the certainty that businesses and the community need.

Tackling climate change is everyone's responsibility and the Andrews Labor Government, via its pledge target approach, will bring business and the community together to achieve our collective goal. This will be the first truly whole-of-government and economy wide climate policy in Australia, which delivers on the Government's election commitment to restore Victoria's leadership position on climate change.

Effective action on climate change is key to ensuring Victoria remains a great place to live now and into the future. Our commitment to restoring the Climate Change Act builds on Victoria's growing reputation as a leader in the global shift towards renewable and clean energy technologies, and will attract the investment, industries and jobs that underpin our future prosperity. It will also protect our regional communities and their economies, and ensure all Victorians can participate in the transition and are prepared for the inevitable changes to our climate.

The Government accepts all but one of the Committee's recommendations. Its response ensures that Victoria will establish effective, flexible and long-lasting legislation that underpins our status as a world leader, while addressing the challenges highlighted by the Committee.

We will take decisive action to address climate change by looking at ways to embed climate change considerations across government, lead a positive transition to a low carbon economy, assist communities to increase their resilience, and support the most vulnerable.

The Victorian Government's response will also be supported by a Victorian Climate Change Framework, due for release in late 2016. This will detail the Victorian Government's contribution to the first interim emissions reduction target, alongside the pledges made by local governments, industry and the community. There is a lot of work still to do to make the Committee's recommendations a reality, but we will rebuild this critical law.



Hon Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change

Recommendation 1

Long-term emissions reduction target

1. The Act should include a long-term emissions reduction target that is based on the best available science and that can be adjusted in light of new information, but which at the very least places Victoria on a pathway to pursuing efforts to limit the temperature increase to 1.5 degrees Celsius.
2. Progress towards this target should be managed in five-year periods, known as interim target periods, allowing performance to be tracked and adjustments to be made to ensure that the long-term target will be met.
3. The Government should seek and consider independent expert advice on the long-term target.
4. The Government must ensure that both the Premier and Minister are accountable for meeting the long-term target.

Response: Support

It is an election commitment under *Our Environment, Our Future* to establish an emissions reduction target for Victoria. Embedding a long-term emissions reduction target in legislation will help provide a stable signal to the Victorian community and business, locally and internationally, of the Victorian Government's long-term commitment to low-carbon transition. It will also provide a clear policy and planning objective for decision makers at all levels. A long-term target gives the direction and certainty needed to create a positive, low carbon future for Victoria. A long-term target will bolster confidence for investors, including in renewable energy and clean technologies.

In 2015, agreement was reached at the Paris Conference of the Parties to the United Nations Framework Convention on Climate Change to limit warming to well below 2 degrees, and 127 sub-national jurisdictions around the world have committed to ambitious long-term emissions reduction targets to contribute to achieving this goal.

The Victorian Government is drawing on the best expert advice about the opportunities for emissions reduction in each of Victoria's sectors to help shape policies right across government and maximise the economic and social benefits of an emissions reduction target. Over the last six months the Victorian Government has been talking to Victorian communities, organisations, leaders and businesses – including through regional think tanks, a Melbourne leadership forum, sectoral round-tables and online submissions – about their views on a Victorian emissions reduction target. The Victorian Government will consider all of this information, including what is happening nationally and around the world, and announce a long-term emissions reduction target later in 2016.

See recommendation 22 for discussion regarding interim targets.

It is critical that consideration of climate change be embedded into government policies, programs and decisions...

Climate Change Objectives and Principles Recommendation 6* – The Charter

A Charter of Climate Change Objectives and Principles should be introduced into the Act to inform strategic decision making. The Charter:

- a. Should contain the amended guiding principles (Recommendation 2) and introduce climate change objectives;
- b. Must be taken into account when preparing the *Victorian Climate Change Strategy* (the Strategy); and
- c. Must be taken into account in all plans, policies, programs and operational decision making across government.

* This should be read in conjunction with Recommendation 12.

Response: Support in principle

It is critical that consideration of climate change be embedded into government policies, programs and decisions, and having climate change objectives and principles in the Act is a useful way to facilitate this. As per the Committee's recommendation, the objectives will be inserted into the legislation with amended guiding principles.

Referring to the objectives and principles as a 'Charter' does not change their legal status or effect and may misrepresent the meaning and purpose of the objectives and principles. The intent of the Committee's recommendation will be achieved without use of the word 'Charter'.

Refer to the government's response to recommendation 30 for information about reporting on the application of the principles and objectives.

Recommendation 2 – Guiding principles

The existing guiding principles (Part 2) should be retained and included in the Charter and amended as follows:

- a. Section 11 principle of complementarity should be removed;
- b. Section 12 (d) principle of equity should be amended to also refer to medium-term consequences; and
- c. Section 13 principle of community engagement should be amended to include access to information, access to environmental justice and public participation.

Response: Support

The existing guiding principles in the Act will be retained, along with strengthened principles of community engagement and equity.

The Victorian Government agrees that the principle of complementarity should not be used as a reason for inaction from sub-national governments. However, the Act should ensure government avoids introducing policy and regulation that may be instituted at a national or state level.

The principle of complementarity will therefore be removed and replaced with a principle of compatibility to ensure that Victorian Government decisions take into account national climate change policy settings, avoid duplication and are internally coherent with other policy and regulations in the state.

The existing guiding principles in the Act will be retained, along with a strengthened principle of community engagement and principle of equity.

Recommendation 7 – Climate change objectives

The Charter should contain the following climate change objectives:

- a. To reduce GHG emissions consistently with the best available science and the long-term emissions reduction target;
- b. To build the resilience of Victoria’s infrastructure, built environment and communities through effective adaptation and disaster preparedness action;
- c. To manage Victoria’s natural resources, ecosystems and biodiversity to promote resilience;
- d. To promote and support Victoria’s regions, industries and communities to maximise the opportunities that arise from a transition to a low-carbon economy through coordinated whole-of-government action and partnerships; and
- e. To support vulnerable communities, and promote intergenerational equity and social justice.

Response: Support

The Government agrees that these objectives should be introduced to the Act as they provide overarching policy direction for Victoria’s response to climate change.

Recommendation 8 – Guidance

The Act should require the Minister to provide guidance on the application of the Charter to the Strategy and its components, and on its general application across government.

Response: Support

The Act should enable the Minister to provide guidance on how to use the climate change objectives and principles for developing the Strategy and its components, and on how to use them generally across government. Guidance from the Minister for Environment and Climate Change will be developed in consultation with relevant decision makers.

Recommendation 3

Preamble

The Government should give consideration to amending the Preamble to the Act to reflect the current policy context.

Response: Support

The preamble will be updated to accurately reflect the current policy context.

Recommendation 4

Purposes

The Government should review and update the stated Purposes of the Act (as required) to ensure they reflect the final structure and contents of the Act.

Response: Support

The purposes will be updated to ensure they reflect the final structure and contents of the Act.

Schedule 1 can be a powerful tool for embedding the consideration of climate change in government decision making.

Recommendation 5 Legislative Review

There should be another legislative review in 2020 to examine the effectiveness of the new provisions. The Government should consider whether more appropriate review requirements need to be introduced such as:

- a. The effectiveness of the current operation of the Act in achieving its stated objectives and purposes;
- b. The extent to which additional legislative measures (if any) are considered necessary to achieve the targets and objectives of mitigation and adaptation and disaster risk reduction, set by this Act; and
- c. Other matters determined by the Minister to be relevant to a review of this Act.

Response: Support in principle

A built-in review clause in the Act is useful given the evolving nature of climate change policy. Many of the provisions in the Act will take practical effect in 2020. Therefore, reviews will be legislated to take place at the end of the first and third interim target periods (2026 and 2036) to ensure effective review of the strengthened Act.

Decision-making framework and Schedule 1 Recommendation 9 – Schedule 1 decisions and actions

The Government should review the existing decisions or actions listed in Schedule 1 to establish whether they are those most likely to require an assessment of climate change impacts or risks, or whether they will significantly impact the pursuit by Government of climate change mitigation and adaptation and disaster risk reduction.

Response: Support

Schedule 1 can be a powerful tool for embedding the consideration of climate change in government decision making. The Victorian Government will assess whether the decisions and actions currently listed in Schedule 1 are appropriate. This work will occur throughout 2016 and 2017 (in conjunction with recommendation 10, 11, 13 and 31) allowing time to seek expert advice and carefully consider the effectiveness of the decisions currently included in the schedule. Any legislative changes resulting from this work will be undertaken separately to the other amendments resulting from this review.

Recommendation 10 – Broadening Schedule 1

1. Schedule 1 should be expanded to include a broader range of Acts that are likely to require an assessment of climate change impacts or risks, or whether they will significantly impact the delivery of climate change mitigation and adaptation and disaster risk reduction outcomes.
2. The Government should identify which Acts and which decisions or actions should be considered for inclusion. Preliminary analysis suggests that decisions and actions in the following additional Acts could be considered for inclusion in Schedule 1:
 - *Electricity Industry Act 2000*
 - *Emergency Management Act 2013*
 - *Essential Services Commission Act 2001*
 - *Flora and Fauna Guarantee Act 1988*
 - *Financial Management Act 1994*
 - *Local Government Act 1989*
 - *Major Transport Projects Facilitation Act 2009*
 - *Mineral Resources (Sustainable Development) Act 1990*
 - *Planning and Environment Act 1987*
 - *Sustainable Forests (Timber) Act 2004*
 - *Transport Integration Act 2010*
 - *Urban Renewal Authority Victoria Act 2003*
 - *Victorian Energy Efficiency Target Act 2007*
 - *Water Industry Act 1994*

Response: Support

Work to identify which decisions and actions should be included to broaden Schedule 1 will be undertaken throughout 2016 and 2017, alongside the work outlined in the response to recommendation 9. This will include determining whether the decisions and actions being considered are already required to take climate change into account, and that Schedule 1 does not duplicate other requirements.

Further guidance would assist decision makers in undertaking their statutory obligations and can improve the effectiveness of the Act.

Recommendation 11 – Ministerial guidelines

To improve the operation of the Act, the Minister should use his or her power to develop and publish ministerial guidelines (existing section 15) to assist decision makers to understand their statutory obligations under the Act.

Response: Support

Further guidance would assist decision makers in undertaking their statutory obligations and can improve the effectiveness of the Act. Guidelines will be developed in partnership with relevant decision makers and technical experts in 2017.

Recommendation 12 – An effective decision-making framework

The existing decision-making framework should align with the Charter and include relevant decision-making criteria that give practical effect to each objective of the Charter.

Response: Support

Links between the decision-making framework and the climate change principles and objectives in the Act will make sure that decisions in Schedule 1 help Victoria achieve its climate change objectives. These links will be established as part of work to expand Schedule 1 (recommendations 9 and 10).

Recommendation 13 – Judicial review and standing

The Act should broaden legal standing for the judicial review of administrative decisions listed in Schedule 1 to which the decision-making framework applies. Standing should be open to individuals and groups that satisfy an extended standing test similar to the model used under section 487 of the *Environment Protection and Biodiversity Conservation Act 1999* (Commonwealth).

Response: Support in principle

The Victorian Government agrees that increasing scrutiny and transparency of how climate change is considered in decision making is important, as well as encouraging participation in decision making. The Victorian Government will consider broadening legal standing for the judicial review of administrative decisions under Schedule 1 if similar appeals are not already available.

This will occur alongside work to assess and expand Schedule 1 (recommendations 9 and 10) and will consider the model used for the extended standing under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth). Other methods for increasing transparency, accountability and participation will also be considered, such as reporting requirements and effective engagement.

Recommendation 14 – Merits review

The Government should examine the feasibility, appropriateness and effectiveness of merits review of specified administrative decisions to which the decision-making framework applies.

Response: Not Support

The Victorian Government supports the intent of increasing the level of independent expert scrutiny for significant decisions under the framework, however does not consider merits review is appropriate at this time. The Victorian Government considers that the intent of including merits review can be met through other, less administratively burdensome mechanisms, such as making independent expert advice a key input before decisions are made. Merits review is already accessible under some sector-specific legislation, for example under the *Planning and Environment Act 1987*.

The Victorian Government agrees that increasing scrutiny and transparency of how climate change is considered in decision making is important, as well as encouraging participation in decision making.

Recommendation 15 – Land use planning

The Government should investigate the most effective way to incorporate climate change considerations into statutory and strategic planning in Victoria – for example, the use of the Strategy as a Reference or Incorporated Document in planning schemes.

Response: Support

Victoria's planning system includes climate change considerations in the use and development of land across Victoria. State planning policy, strategic regional land use plans and Plan Melbourne all support climate change adaptation strategies to enhance community resilience to the impact of hazards and natural events. The planning and building system also has the capacity to support effective adaptation, and includes specific provisions to improve the resilience of settlements from the impact of bushfire, flood and landslip and provides for improved coastal planning with sea-level rise benchmarks. The planning provisions also provide for sustainable development and protection of important environments, including facilitation of renewable energy facilities, support for energy efficiency and control of vegetation removal.

There are further opportunities to strengthen and improve the way the planning and building system supports Victoria's resilience to climate change and emissions reductions. This includes through the Plan Melbourne refresh, and by a state-led integrated planning and building approach to strengthen environmentally sustainable urban development where climate change is a key focus. Including a wider range of acts and statutory processes under Schedule 1 of the *Climate Change Act 2010* will support the capacity of planning authorities to more fully consider climate change in decision making through development of updated reference standards and more integrated referral advice from relevant public authorities.

Recommendation 16

Measuring real economic costs and benefits of climate change

1. The Government should introduce into the Act a requirement to assess, based on clear and transparent measures, the real economic costs and benefits associated with climate change risks, liabilities and opportunities arising from government policies, plans, programs, operational decision making and under the decision-making framework in section 14.
2. The Minister should provide guidance on calculation of the metrics drawing on established methodologies such as those used under the *National Greenhouse and Energy Reporting Act 2007* (Commonwealth) or those used for assessing shadow carbon prices as adopted by business and carbon accounting calculations.

Response: Support in principle

The Victorian Government will not be legislating use of a shadow carbon price, but supports the use of clear measures to assess the economic costs and benefits of climate change as it allows decision makers to begin preparing and planning for the transition to a low-carbon future.

Further work will be undertaken to determine appropriate and useful methods of calculating the cost of emissions, and how it could be embedded in government processes and decision making. The Victorian Government will investigate piloting consideration of the cost of emissions within specific government decision making, supported by guidance from the Minister. This work will be informed by how the cost of emissions is being factored into decisions by many businesses and as mainstream practice in leading economies around the world.

It is important that climate change action be informed by targeted scientific and economic analyses.

Victorian Climate Change Strategy

Recommendation 17 – Climate change risk assessment and economic analysis

The Government should undertake a full analysis of the risks of climate change to Victoria, as well as an economic analysis of those risks, to serve as the platform from which to proceed with further strategic planning. This should be conducted prior to the development of the first Strategy.

Response: Support

It is important that climate change action be informed by targeted scientific and economic analyses. The benefits of having a common understanding across government to drive and coordinate action are well known. Implementing this recommendation will include an analysis of the risks, costs and benefits of emissions and emissions reduction measures.

Recommendation 18 – The Strategy

The existing requirement to prepare a *Climate Change Adaptation Plan* should be replaced with the requirement to produce a five-yearly *Victorian Climate Change Strategy* that addresses emissions reduction and adaptation and disaster risk reduction.

- a. The Government must ensure that both the Premier and Minister are responsible for preparing the Strategy.
- b. The Act should outline the contents of the Strategy and the process to develop the Strategy.
- c. The Act should require that the Strategy is developed in consultation with local government, the community and business.
- d. The Act should require that the Strategy be tabled in Parliament.

Response: Support

A five yearly cycle that enables evaluation, learning and improvement, and aligns with interim targets and the five yearly cycle established by the Paris Agreement, will be beneficial for Victoria's climate change response.

The first legislated *Victorian Climate Change Strategy* will be completed in 2020. The Victorian Government is developing a Climate Change Framework for release in late 2016. The Framework will set the first interim emissions reduction target for Victoria to 2020, mitigation and adaptation priorities and provide the policy foundation for delivering on the legislative changes resulting from this review.

These requirements will need to be balanced with the accepted understanding that many aspects of adaptation planning and action are better managed at a local or regional level, and the Victorian Government should support this.

Recommendation 19 – Adaptation and disaster risk reduction in the Strategy

The Strategy should include an adaptation and disaster risk reduction component that:

- a. Specifies the risks and likely economic costs of climate change to Victoria;
- b. Specifies long-term and medium-term objectives;
- c. Sets out roles and responsibilities of the state and local governments for addressing adaptation and disaster risk reduction;
- d. Identifies the opportunities for private sector involvement – including, for example, through insurance; and
- e. Delivers a risk assessment that:
 - i. Identifies the state-wide priorities for the five-year period; and
 - ii. Identifies the lead department (or agency) for each state-wide priority.

Response: Support

The Victorian Government is committed to supporting effective adaptation in Victoria, playing a critical role in helping Victoria cope with the unavoidable impacts of climate change. The Committee's recommendation will be implemented so that:

- it is clear that social and environmental costs be considered alongside economic costs (part a);
- the adaptation requirements in the Strategy complement and do not duplicate existing requirements, particularly those in emergency management;
- the Strategy supports and encourages mainstreaming of climate change considerations into government decisions, policies and programs;
- terminology is consistent with that used in emergency management; and
- the Strategy assigns key adaptation priorities to lead departments but also encourages departments to undertake appropriate risk assessments and management for government assets and services.

These requirements will need to be balanced with the accepted understanding that many aspects of adaptation planning and action are better managed at a local or regional level, and the Victorian Government should support this.

Recommendation 20 – Emissions reduction in the Strategy

The Strategy should contain an emissions reduction component that:

- a. Summarises the Government's policies and actions for meeting the state's interim target for that period;
- b. Contains each department's pledge to meet its share of the state's interim target based on emissions under that department's control for the forthcoming five-year period, including, if necessary, an explanation for any gap between the aggregated pledges and the state's interim target; and
- c. Contains each department's *Low Carbon Growth Plan*, setting out the actions they plan to take to help the state meet the interim target.

Response: Support in principle

The Victorian Government is committed to playing a role to reduce greenhouse gas emissions and supports the inclusion of emissions reduction components in the Strategy. The Strategy will include:

- priorities for existing and future government, sectoral, business and community pledges
- implementation plans for pledges that encompass:
 - i. practical actions to reduce emissions from government operations (both whole of government initiatives and actions by individual departments);
 - ii. actions through policy, regulations and programs to reduce emissions across the Victorian economy (both cross-portfolio initiatives and action by individual sectors within the Victorian economy); and
 - iii. pledges made by local government, community and businesses.

The Strategy will be developed with input and involvement from across the Victorian Government and will include consideration of the most efficient and cost-effective means of pursuing emissions reduction across the economy. Including communities and businesses in the pledging approach provides an opportunity for early discussion about the emissions reduction actions and opportunities that exist for Victoria prior to the first Strategy in 2020.

Many Victorian councils are already leading in emissions reduction. The Victorian Government will work with local government to determine an effective approach to local government pledges (see recommendation 23) that recognises this and supports councils with less capability or capacity.

The Victorian Government agrees with the benefits of ensuring dedicated, portfolio-specific adaptation and emergency management planning...

Tools for adaptation and disaster risk reduction

Recommendation 21 – *Adaptation and Disaster Risk Reduction Action Plans (ADRRAP)*

1. In response to the adaptation and disaster risk reduction component of the Strategy, the Act should introduce a requirement for each lead department (or agency) identified in the Strategy to develop an ADRRAP.
2. The Act should include the following:
 - a. ADRRAPs must be prepared for five-year periods in response to the Strategy and must contain the departments' or agencies':
 - i. Short-term and medium-term objectives for adaptation and disaster risk reduction;
 - ii. Proposals and actions (including timeframes) to address the risks and priorities identified in the Strategy;
 - iii. Performance indicators; and
 - iv. An assessment of the departments' (or agencies') own disaster and adaptation readiness.
 - b. Each ADRRAP must be consistent with the Charter;
 - c. The Minister may provide guidance on the development of the ADRRAPs; and
 - d. There must be consultation with local government, the community and business during the development of the ADRRAPs.

Response: Support

The Victorian Government agrees with the benefits of ensuring dedicated, portfolio-specific adaptation and emergency management planning strategically aligned through the operation of the Strategy. Disaster risk reduction is already an essential element in adaptation planning, so the plans recommended by the committee will be referred to as Adaptation Action Plans (AAPs) to avoid isolated consideration of these risks. These provisions will be drafted to enable flexibility in the structure and content of the adaptation component of the Strategy to ensure government is able to respond to new challenges and opportunities. The provisions will be drafted to ensure that the:

- AAP requirements will complement and build upon, rather than duplicate existing risk management, emergency management and adaptation obligations;
- Strategy drives departments to actively manage climate change implications for their assets and services, as well as driving broader adaptation priorities for Victoria;
- Strategy and the AAPs facilitate the 'mainstreaming' of climate change into department's existing processes;
- AAPs encourage consultation with relevant businesses and sections of the community.

Climate change action is required prior to the first Climate Change Strategy in 2020. This action will be directed by a Climate Change Framework due for release in late 2016, and the second Climate Change Adaptation Plan, to be released in early 2017.

Tools to drive emissions reduction

Recommendation 22 – Interim emissions reduction targets

The Act should introduce a process for rolling multi-year interim emissions reduction targets to support delivery of the long-term target. The process would indicate a maximum level of GHG emissions for Victoria, which the Government would aim to keep the state below.

- a. Interim targets should be five-yearly and set by the Government at least two target periods in advance to provide sufficient clarity and certainty for stakeholders and a clear medium-term pathway to the long-term target.
- b. The level of emissions for each interim target would have to be lower than that for the previous target period.
- c. The Government should seek and consider independent expert advice on the amount of each interim target and its relative contribution towards the long-term target.
- d. In setting each interim target, the Minister should provide a statement on how the independent advice has been taken into account.
- e. The Act should contain a method for reviewing interim targets if there are significant changes affecting the basis on which the targets were set.

The Government must ensure that both the Premier and Minister are accountable for meeting each interim target.

Response: Support

Interim targets can play an important role in helping Victoria progress towards its long-term target. The use of interim targets acknowledges that the future is not certain and allows for adjustments as required along the way to reflect changing conditions in the economy and society.

Interim targets can stimulate early action, smoothing the transition to decarbonisation and reducing future costs of transition and emissions reduction. They also help convey Victoria's 'trajectory' towards achieving the long-term emissions reduction target. Interim targets allow for periodic review of progress, and increase certainty for business and the community over time.

While the first legislated interim target commences in 2020, strong action on climate change must start now. The Victorian Government is committed to action, which will be delivered through a range of measures across government including the Climate Change Framework (2016), the Renewable Energy Action Plan (2016) and the Energy Efficiency and Productivity Strategy (2016). The Victorian Government will open a pledge process in 2016 for emissions reduction action between 2017 and 2020. The aggregate of pledges will inform our first interim target.

Subsequent interim targets will be informed by independent expert advice that will take into account interaction with commonwealth policy, economic benefits and impacts, social benefits, climate science and technology.

Interim targets can stimulate early action, smoothing the transition to decarbonisation and reducing future costs of transition and emissions reduction.

Recommendation 23 – Department pledges

1. Reducing emissions and meeting any interim target will require whole of-government involvement. The Act should require each department to pledge its contribution to the state's interim targets and long-term target. These pledges would articulate each department's role in the Strategy, and demonstrate that responsibility for action on climate change is embedded across government and can be advanced by all departments.
2. Guidance may be issued by the Minister for the development of the department pledges.

Response: Support

Whole of government involvement is required to secure emissions reductions. The five yearly *Victorian Climate Change Strategy* will set out practical actions to reduce emissions from government's own operations. It will also detail actions through policy, regulations and programs to reduce emissions across the economy, and estimates of the level of emissions reduction expected to be achieved by these actions.

The Victorian Government will work with local government to determine an effective approach to local government pledges that recognises councils who are already leading in emissions reduction, and supports councils with less capability or capacity. An approach to enabling business and community pledges will also be explored.

The Victorian Government will set the first interim target for the 2017-2020 period and will call for community, business and local government to participate in making pledges to inform this first interim target.

See recommendation 20.

Recommendation 24 – *Low Carbon Growth Plans*

1. Each department's pledge must be detailed in a *Low Carbon Growth Plan* that outlines the sectors and emissions covered by their department (including emissions of stakeholders within the portfolio responsibility of the department) and the specific actions (including timeframes) it proposes to meet its pledge and reduce emissions.
2. Each Plan must be consistent with the Charter and should include the actions the department intends to take to reduce the emissions:
 - a. That it directly controls, such as from buildings and operations (including wider operations such as purchasing and fleets) and through procurement; and
 - b. Within sectors of the economy over which it has influence through policy interventions.

Response: Support

The Climate Change Strategy will set out the details of practical actions to achieve pledges, as outlined in the government's response to recommendation 20.

Clear measures to mitigate emissions including stronger powers to enable emissions reduction

Recommendation 25 – Emissions reduction measures

The Act should vest in the Minister a clear legal power to implement measures to reduce GHG emissions at source, particularly from high emitting sectors, to achieve the long-term emissions reduction target. This would include the power to impose emissions limits under EPA licences, establishing a state-based emissions trading scheme (which could link to other state or international schemes), adopting carbon taxes or other targeted financial incentives or charges and the accelerated phase-out or upgrade of high GHG emitting facilities.

Response: Support in principle

The Victorian Government supports investigation of measures to reduce GHG emissions at source. However, Emissions Trading Schemes are not considered appropriate for Victoria at this time. The range of emissions reduction tools available to support meeting the long-term emissions reduction target will be considered, including through the development of the Victorian Climate Change Strategies.

The Victorian Government
supports investigation
of measures to reduce GHG
emissions at source.

Recommendation 26 – Environment Protection Authority (EPA)

1. The Government should reinstate the EPA's power to regulate GHG emissions from those facilities that the authority regulates for the purposes of achieving a long-term emissions reduction target for Victoria.
2. The Government should make it clear that the EPA's ability to regulate waste would include GHG emissions through a state-based emissions trading scheme which could be linked to other states in Australia or internationally.
3. The Government should revisit the 2012 statement on the Effective regulation in the context of the national carbon price: Environment Protection Authority Victoria.
4. The Government should consider:
 - a. Amending the State Environmental Protection Policies framework; and
 - b. Enabling the EPA to use its powers to issue and amend licences to achieve significant reductions in GHG emissions.

Response: Support in principle

The *Environment Protection Act 1970* currently enables regulation of GHG emissions based on harm to the environment. The Victorian Government believes that reinstating powers under the Environment Protection Act 'for the purpose of achieving emissions reduction targets', will clarify that there is flexibility to introduce measures to support the achievement of the long-term target in future (see recommendation 1), should the Victorian Government wish to do so. The amendments to the *Environment Protection Act 1970* would have no direct or immediate impact on business. The introduction of any new regulations would require a public consultation and regulatory impact assessment process to ensure the proposals are appropriate.

The current Independent Inquiry into the EPA is considering the EPA's role in regulating GHG emissions. This recommendation will be considered in conjunction with the outcomes of the EPA Inquiry.

Forestry rights, carbon sequestration rights and soil carbon rights

Recommendation 27

To reduce barriers to utilising Part 4 agreements and optimise alignment with the Commonwealth Government's Emissions Reduction Fund, amend Part 4 of the Act to improve the flexibility of Forestry and Carbon Management Agreements – for example, by enabling parties to vary the date on which the agreements end.

Response: Support

The current provisions in Part 4, including the inability to vary dates on which agreements ends, are not an impediment to participation in initiatives. However the Victorian Government is committed to working to remove any other legislative barriers to participation should they arise.

Recommendation 28

The Government should provide greater access to public land for the purposes of carbon sequestration, particularly to those areas of public land that can be used to deliver complementary outcomes and co-benefits across a range of values.

Response: Support

The Victorian Government is already looking at options to increase access to public land for the purposes of carbon sequestration. Those options will take into account broader implications, including the costs and benefits of managing public land assets for the purposes of carbon sequestration.

Regular emissions reporting can increase transparency and accountability, monitor progress towards targets and support sound policy development and decision-making.

Transparency and accountability

Recommendation 29

1. The Act should retain the requirement to produce regular climate science updates, which should be stand-alone publications.
2. The climate science updates should be published at a frequency that best enables the development of the Strategy, ADRRAPs and *Low Carbon Growth Plans*.
3. The Act should require the Government to introduce compulsory reporting of GHG emissions from all sectors annually.

Response: Support

The Victorian Government will continue to prepare regular climate science updates. Climate change information sheets were released for Victoria's regions in January 2016, based on the latest climate science from the Bureau of Meteorology and Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Regular emissions reporting can increase transparency and accountability, monitor progress towards targets and support sound policy development and decision-making. The Victorian Government will consider reporting of GHG emissions from all sectors annually, including looking at whether existing sectoral GHG reporting processes under the National Greenhouse Gas Inventory already meets the needs identified by this recommendation.

Progress monitoring and continuous improvement

Recommendation 30 – The Charter

The Act must require the Government to specify how the Charter is taken into account when:

- a. Setting the long-term emissions reduction target, including interim targets;
- b. Developing the Strategy;
- c. Developing ADRRAPs;
- d. Developing *Low Carbon Growth Plans*; and
- e. Developing all plans, policies, programs and operational decision making across government.

Response: Support in principle

It is important that the Victorian Government be required to report on how climate change objectives and principles have been taken into account when setting emissions reduction targets, developing the Climate Change Strategy, AAPs and developing pledges and implementation plans for pledges. However, the reporting requirement should not be applied to the development of all plans, policies, programs and operational decision making across government as this will dilute the effectiveness of the objectives and principles and create significant administrative burden. The Victorian Government is undertaking analysis to determine the types of policies, programs and decision making where this requirement would be beneficial, and may utilise Ministerial guidelines to set out where reporting should be required.

A robust and effective monitoring, reporting and verification regime can monitor the implementation and effectiveness of AAPs, and identify areas for improvement or further reform.

Recommendation 31 – Schedule 1 reporting

The Act should introduce additional reporting requirements for 'significant decisions' to which the decision-making framework applies in order to promote transparency and accountability.

Response: Support in principle

There is strong public interest in transparent decision making. Alongside work to review and expand Schedule 1 (recommendations 9 and 10) the Victorian Government will consider whether reporting under Schedule 1 is the best mechanism to ensure transparency for decisions of this nature, and how else transparency and accountability can be strengthened.

Recommendation 32 – Adaptation and disaster risk reduction assessment

1. The Government should develop a robust methodology and guidance to enable consistent and effective monitoring, reporting and verification (MRV) of progress towards achieving adaptation and disaster risk reduction objectives and outcomes.
2. The Act should contain a requirement to assess and report on whether the actions identified in the AAPs:
 - a. Were delivered; and
 - b. Were effective at reducing the risks identified in the Strategy.
3. An independent audit and analysis of the ADRRAP assessment should be conducted and should be tabled in Parliament.

Response: Support

A robust and effective monitoring, reporting and verification regime can support the implementation and effectiveness of AAPs, and identify areas for improvement or further reform. Where possible, new reporting requirements will be aligned with existing reporting in order to minimise additional administrative burden.

Recommendation 33 – End of interim target period assessment

The Act should require preparation of a final assessment report at the end of each interim target period. This report must:

- a. State the total volume of Victoria's emissions over the period;
- b. State whether the interim target has been met and, if not, explain why;
- c. Evaluate the effectiveness of the actions in the Low Carbon Growth Plans at delivering the pledges of each department;
- d. Be completed no later than the second year following the end of the period to which it relates;
- e. Be followed by an independent audit and analysis of the target period; and
- f. Be tabled in Parliament.

Response: Support

A final assessment report should be prepared at the end of each interim target period to monitor the effectiveness of the emissions reduction elements of the Act and their ongoing implementation, and identify areas for improvement or further reform.



**VICTORIAN GOVERNMENT RESPONSE TO THE
INDEPENDENT REVIEW OF THE CLIMATE CHANGE ACT 2010**

