



MAKING IT HAPPEN

NSW CLIMATE CHANGE

POLICY FRAMEWORK



CLIMATE CHANGE POLICY FRAMEWORK FOR NSW

Aim

Maximise the economic, social and environmental wellbeing of NSW in the context of a changing climate and current and emerging international and national policy settings and actions to address climate change

Aspirational long-term objectives

Achieve net-zero emissions by 2050
NSW is more resilient to a changing climate

Roles of NSW Government

Emissions savings

Government policy:

Implement emissions savings policies that are consistent with achieving the Commonwealth Government's interim and long-term emissions saving objectives and are fair, efficient and in the public interest

Government operations:

Lead by example to save emissions in government operations

Government advocacy:

Advocate for Commonwealth, COAG and international action consistent with the Paris Agreement

Impacts and adaptation

Government policy:

Implement policies to plan for climate risks and provide targeted support for households, communities and businesses that is fair, efficient and in the public interest

Government operations:

Assess and effectively manage climate change risk to government assets and services

Government advocacy:

Advocate for Commonwealth, COAG and international action to support effective adaptation

NSW Government policy directions

Create a certain investment environment by working with the Commonwealth to manage transition	Boost energy productivity, put downward pressure on household and business energy bills	Capture co-benefits and manage unintended impacts of external policies	Take advantage of opportunities to grow new industries in NSW	Reduce risks and damage to public and private assets in NSW arising from climate change	Reduce climate change impacts on health and wellbeing	Manage impacts on natural resources, ecosystems and communities
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Implementation

- » Investigate how to embed climate change emissions savings and adaptation in government decision making
- » Develop a benchmark value for emissions saving and apply this consistently in government economic appraisal
- » Release and consult on a strategic plan to guide expenditure from the Climate Change Fund
- » Develop an advanced energy action plan, a new energy efficiency plan, a climate change adaptation action plan, and additional policy investigations for sectors with significant opportunities and risks.

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HOW THIS FRAMEWORK OPERATES

The aim of this policy framework is to maximise the economic, social and environmental wellbeing of NSW in the context of a changing climate and current and emerging international and national policy settings and actions to address climate change.

The framework:

- » defines the NSW Government's role in reducing carbon emissions and adapting to the impacts of climate change
- » sets policy directions to guide implementation of the framework
- » commits NSW to achieving aspirational long-term objectives of net-zero emissions by 2050 and to help NSW become more resilient to a changing climate
- » sets out next steps for implementation.



Voltage optimisation (credit: iStock)

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THE INTERNATIONAL, NATIONAL AND STATE CONTEXT

International context

The world in which NSW operates is in transition because of actions by governments, communities and business to limit the increase in global temperatures and adapt to a changing climate.

In December 2015, 195 countries agreed on the United Nations Paris Agreement on climate change. The key objectives of the Paris Agreement include:

- » a goal to limit the increase in global temperatures to well below 2 degrees and pursue efforts to limit the rise to 1.5 degrees
- » a commitment to achieve net-zero emissions, globally, by the second half of the century
- » differentiated expectations for developed nations, including Australia, that they will reduce their emissions sooner than developing nations
- » a five year review and ratchet process which is likely to lead to more ambitious commitments from countries in the future.

Figure 1 shows that more ambitious commitments will be needed globally to achieve the Paris Agreement's temperature and emissions objectives.

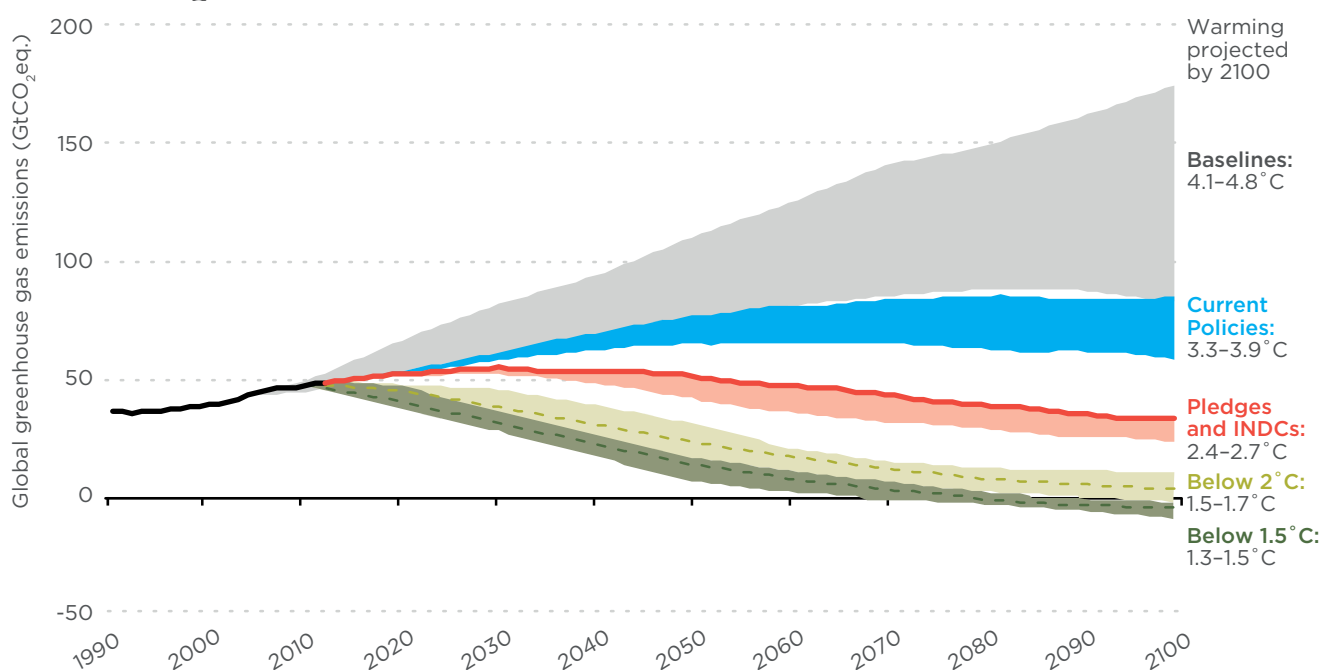
National context

The Commonwealth Government has signed and announced its intention to ratify the Paris Agreement. The agreement's review and ratchet mechanism means that Australia's interim emissions reduction targets are likely to become more ambitious over time, with the first review due in 2017. The current interim targets are:

- » 5 per cent below 2000 levels by 2020
- » 26 to 28 per cent below 2005 levels by 2030.

The 2030 target is equivalent to a 50 to 52 per cent reduction in per capita emissions and a 64 to 65 per cent reduction in the emissions intensity of the economy.

Figure 1: Global emission trajectories: objectives, pledges and current policies under Paris Agreement



Adapted from: The Climate Tracker 2015, <http://climateactiontracker.org/global.html>

State context

The NSW Government endorses the Paris Agreement and will take action that is consistent with the level of effort to achieve Australia's commitments to the Paris Agreement. Our response will complement national action.

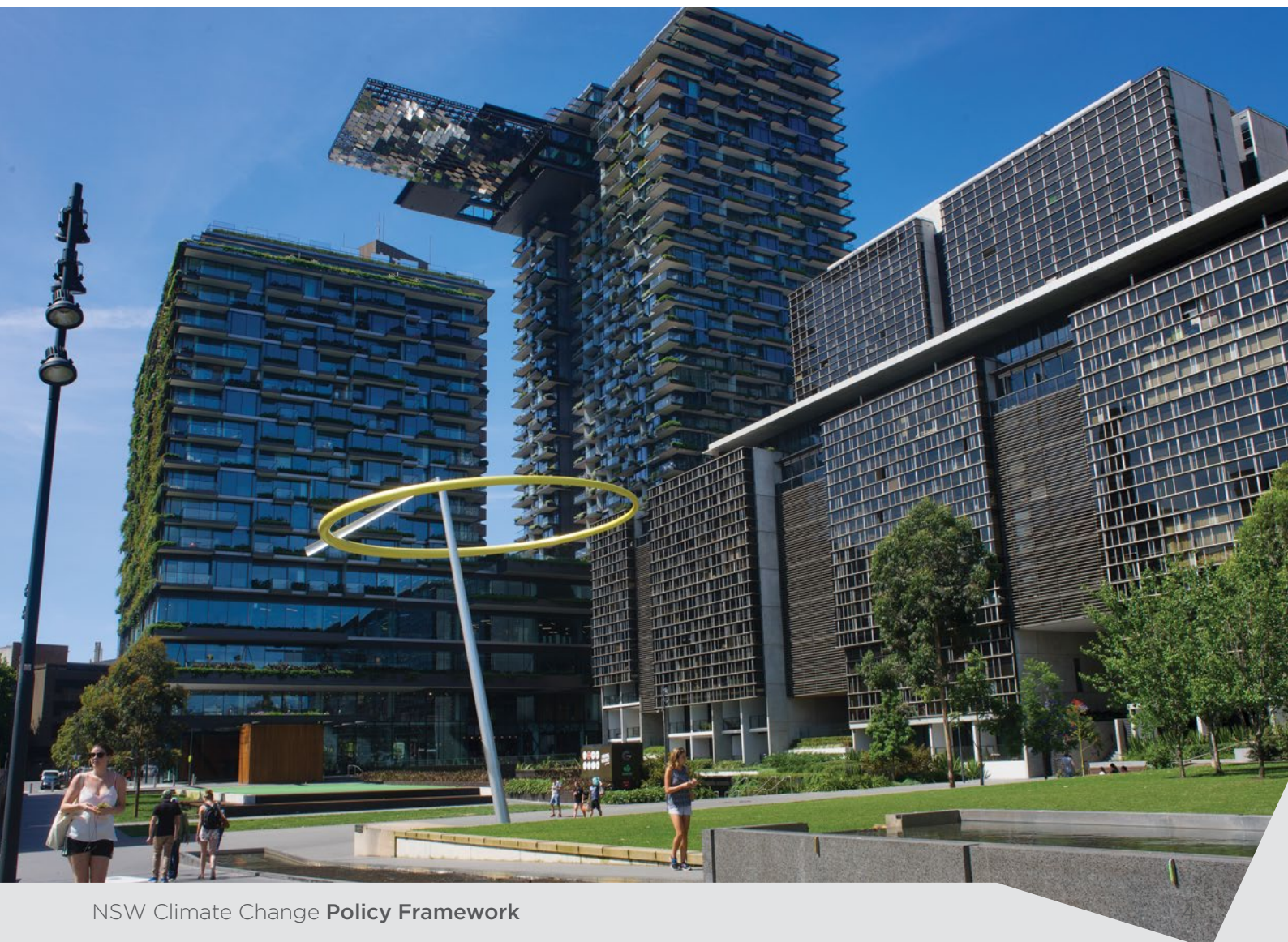
Our response will build on NSW's strong track record in expanding renewable energy, helping households and businesses reduce their energy bills by saving energy and preparing for the impacts of climate change.

For example, NSW is home to Australia's largest utility scale solar plants at Nyngan, Moree and Broken Hill, and in 2014-15 had more ongoing renewable energy jobs than any other state or territory in Australia.

Our state is a national and international leader in energy efficiency. Our programs helping households and business to cut their electricity use have been very successful, with the NSW Energy Savings Scheme expected to support projects that will save over 50,000 gigawatt hours of energy, over 40 million tonnes of greenhouse gas emissions and reduce power bills by over \$13 billion from 2015 to 2040.

While we're seeing the effects of climate change in New South Wales, we have taken steps to prepare for them. For example, we have developed the south-east Australian regional climate model, known as NARClIM, which provides climate change projections for NSW and the Australian Capital Territory to 2030 and 2070, down to the nearest 10km.

Central Park, Sydney, 2014 International Green Infrastructure Award Winner (credit: Lisa Madden/OEH)



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ASPIRATIONAL OBJECTIVES FOR NSW

The NSW Government's emissions savings objective and adaptation objectives aim to:

- » attract investment by providing policy certainty
- » guide public and private sector decision making, particularly for long-lived assets
- » ensure consistency of NSW Government policy with the international and national policy context and the likely long term direction of government and private sector action on climate change.

An aspirational emissions savings objective

The NSW Government's objective is **to achieve net-zero emissions by 2050.**

This long-term objective sets a clear statement of government's intent, commitment and level of ambition and sets expectations about future emissions constraints that will help the private sector to plan and act.

An aspirational impacts and adaptation objective

The NSW Government's objective is for **NSW to be more resilient to a changing climate.**

Most effective climate change adaptation occurs at a local level through the actions of individuals, businesses and communities in response to locally-specific climate change impacts.

The NSW Government will help NSW adjust to a changing climate by supporting local adaptation actions, managing climate change risks to its own assets and services and removing market, regulatory and governance barriers to the private sector and local government adapting effectively.



Monroe Springs in Alexandria (credit: Lisa Madden/OEH)

4 THE NSW GOVERNMENT'S ROLES IN CLIMATE CHANGE

The NSW Government will take emissions savings action that is broadly consistent with the level of effort to achieve Australia's short and long term emissions savings objectives and take adaptation action that helps the NSW community adjust to a changing climate.

The NSW Government will apply this level of effort across the following roles of government:

» **Government policy:** The NSW Government will set policy to achieve emissions savings, consistent with Commonwealth action, and to enable effective adaptation to climate change.

» **Government operations:** The NSW Government is a major purchaser in the NSW economy through delivering government services and managing government assets. The government will lead by example and drive market change.

» **National and international advocacy:** The NSW Government will advocate for climate policy action at national and international levels.

The following table shows how this level of effort will be applied across these three roles.

Role	Emissions savings	Impacts and adaptation
Policy	Implement emission savings policies that are consistent with achieving the Commonwealth Government's interim and long-term emissions savings objectives and are fair, efficient and in the public interest For example: energy efficiency, advanced energy, transport, carbon farming	Implement policies to plan for climate risks and provide targeted information and support for households, communities and businesses that is fair, efficient and in the public interest For example: regional climate impact information, planning to help coastal councils and regional and vulnerable communities, growing the adaptation services market
Operations	Lead by example to save emissions in government operations For example: government purchasing, asset management, service delivery	Assess and effectively manage climate change risk to assets and services For example: impacts on service delivery, asset management and infrastructure provision
Advocacy	Advocate for Commonwealth, COAG and international action consistent with the Paris Agreement For example: advocating within the COAG Energy Council for reforms to the National Electricity Market	Advocate for Commonwealth, COAG and international action to support effective adaptation For example: building standards, national climate modelling

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POLICY DIRECTIONS

Policy directions will guide government action including implementation of this policy framework.

Direction	Rationale
Create a certain investment environment by working with the Commonwealth to manage transition	As the world moves to net-zero emissions, NSW will be part of the global transformation of the world's energy system. This will create investment and job opportunities in emerging industries such as advanced energy, transport, carbon farming and environmental services. Private sector investment will flow to jurisdictions with stable and supportive policy environments. NSW will work with the Commonwealth Government and take complementary action to create a certain investment environment in NSW and make the transition to a net-zero emissions economy for NSW more affordable.
Boost energy productivity, put downward pressure on household and business energy bills	Boosting energy and resource productivity can reduce the impact of rising energy prices and the cost of transition to a net-zero emissions economy. NSW will strengthen its position as the national leader in energy efficiency, including its programs for vulnerable households.
Capture co-benefits and manage unintended impacts of external policies	There will be positive co-benefits from emissions savings efforts, such as improved health from reduced air pollution. These benefits can be an important consideration in the design of emissions savings actions. NSW will advocate for Commonwealth and COAG policy reform and provide complementary programs, to ensure that market design, consumer protections and environmental protection measures work together with emissions savings policies.
Take advantage of opportunities to grow new industries in NSW	The shift to a net-zero emissions economy is likely to create new opportunities in sectors in which NSW has a competitive advantage, such as professional services, agriculture, advanced energy technology, property management and financial services. There will also be new opportunities in these sectors as the world adapts to climate change, and the government will look for opportunities to grow these emerging industries in NSW.
Reduce risks and damage to public and private assets in NSW arising from climate change	Climate change will lead to more extreme weather, heatwaves and sea level rise, which increase the risk of direct costs to public and private assets and services. The government will manage the impact of climate change on its assets and services by embedding climate change considerations into asset and risk management. The government will also reduce barriers that would prevent effective private sector adaptation by providing information and a supportive regulatory framework for adaptation measures at the local level.

Direction	Rationale
Reduce climate change impacts on health and wellbeing	The government will enable communities and individuals to be better prepared and more resilient to climate change impacts by anticipating increased demand for services, such as health and emergency services. The government will also identify ways to support communities that are more vulnerable to the health impacts of climate change.
Manage impacts on natural resources, ecosystems and communities	The government will provide long-term and coordinated efforts to increase the resilience of our primary industries and rural communities as climate change impacts water availability and water quality. The government will also manage the environment impacts of climate change, such as the impacts on habitats, weeds and air pollution.

Tree plantings (credit: Western Sydney Parklands Trust)



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DELIVERING THE POLICY FRAMEWORK

The next steps to implement this framework are:

Climate Change Fund Strategic Plan

The Premier and the Minister for the Environment have released the *Draft Climate Change Fund Strategic Plan* for public consultation.

Develop value for emissions savings

The NSW Government will develop a value for emissions savings and apply this consistently in government economic appraisal.

Embedding climate change consideration in government decision making

The NSW Government will investigate how to embed consideration of climate change mitigation and adaptation across government operations including service delivery, infrastructure, purchasing decisions and regulatory frameworks.

Develop action plans and strategies

Climate change action plans will implement the policy directions in this policy framework and give effect to potential actions in the *Draft Climate Change Fund Strategic Plan*. Three action plans will be developed in 2017:

- » advanced energy (how clean generation and storage technologies can be combined with existing infrastructure, the internet, software, regulation, demand management solutions, energy efficiency, market design, pricing and other innovations to ensure the energy supply remains or becomes more reliable and affordable): to manage the transition to net-zero emissions and increase investment certainty, take advantage of opportunities to grow emissions savings industries, capture health co-benefits and manage security and reliability impacts of external policies

- » energy efficiency: to boost energy productivity, put downward pressure on energy bills, capture health co-benefits, manage price impacts of external policies and take advantage of opportunities to grow the energy efficiency industry
- » climate change adaptation: to reduce costs to public and private assets, reduce impacts on health and wellbeing, manage impacts on natural resources, ecosystems and communities, and take advantage of opportunities to grow adaptation services.

Agencies will undertake additional policy investigation for sectors with significant opportunities and risks, including:

- » energy productivity
(Office of Environment and Heritage)
- » fugitive emissions
(Division of Resources and Energy)
- » primary industries emissions and adaptation
(Department of Primary Industries)
- » health and wellbeing
(Ministry of Health).

Review mechanisms

All action plans will be regularly reviewed consistent with NSW Government program evaluation guidelines. Climate Change Fund projects will be reported on annually and will include progress on program goals and expenditure.

This policy framework will be reviewed in 2020.

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Published by:

Office of Environment and Heritage
59 Goulburn Street, Sydney NSW 2000
PO Box A290, Sydney South NSW 1232

Phone: +61 2 9995 5000 (switchboard)

Phone: 131 555 (environment information and publications requests)

Phone: 1300 361 967 (national parks, general environmental enquiries, and publications requests)

Fax: +61 2 9995 5999

TTY users: phone 133 677, then ask for 131 555

Speak and listen users: phone 1300 555 727, then ask for 131 555

Email: info@environment.nsw.gov.au

Website: www.environment.nsw.gov.au

Report pollution and environmental incidents

Environment Line: 131 555 (NSW only) or info@environment.nsw.gov.au

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Back cover: Bonnie Vale picnic area Royal National Park (credit: Simone Cottrell/OEH)

