

<b>Key Policy in discussion</b>	<b>CLIMATE CHANGE AND ENERGY</b>
<b>Portfolio and or agency</b>	<b>Departments of Climate Change, Energy, the Environment Water Prime Minister and Cabinet Home Affairs</b>
<b>Date Issued</b>	<b>20 May 2023</b>
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### **Key Portfolio Issues**

The 2023-24 Budget is contradictory on climate change and energy, with some welcome steps undermined by ongoing support for fossil fuels and missed opportunities for fair taxation. Energy measures dominate, including a significant bill relief package for people on low incomes that will particularly assist women. The Government is also recognising the importance of home energy efficiency/energy performance, and stepping back into this vital part of the energy transition and cost reduction. On balance, however, climate change was not a centrepiece of this year’s budget, particularly from a gender and social equity perspective.

### **Budget Measures**

Key climate change and energy measures include:

- \$1.5 billion over 2 years from 2023-24 to establish the Energy Bill Relief Fund, to provide payments to concession recipients ([2023-24 Budget Paper No. 2](#), p. 86)
- \$300.0 million over 4 years from 2023-24 to fund energy upgrades to social housing (2023-24 Budget Paper No. 2, p. 71)
- \$1.0 billion in funding to the Clean Energy Finance Corporation to provide low-cost finance and mortgages in partnership with private financial institutions for home energy upgrades (2023-24 Budget Paper No. 2, p. 70)
- \$36.7 million over 4 years from 2023-24 to develop further initiatives to improve energy performance, including expanding the Nationwide House Energy Rating scheme (2023-24 Budget Paper No. 2, p. 71)
- \$83.2 million over 4 years from 2023-24 to establish the national Net Zero Authority, to support decarbonisation and energy system change in regional areas, including worker support (2023-24 Budget Paper No. 2, p. 192)

- \$28.0 million over 2 years from 2023-24 to develop a National Climate Risk Assessment and a National Adaptation Plan (2023-24 Budget Paper No. 2, p. 73)
- \$7.2 million over 2 years from 2023-24 to extend mental health services supporting communities affected by disasters (2023-24 Budget Paper No. 2, p. 157)

### **Background: current circumstances of women in this portfolio**

Climate change affects women in unique and disproportionate ways.

Unequal access to affordable, climate-safe housing is a major gender issue. Women are increasingly shut out of housing and comprised the majority (81.7 per cent) of the newly homeless in the [2021 Census](#). People without homes are [less likely](#) to be prepared, warned and supported during and after disasters. In the private rental market, women (particularly single mothers) are [doubly disadvantaged](#) by low, gender-unequal incomes and very high rental prices. Women therefore have a greater need for social housing and comprise the [majority of social housing residents](#). All of this means women are less able to adapt to climate change in terms of housing location, quality, insurance coverage, and capacity to modify in response to climate change (e.g. electrify and improve energy efficiency and thermal comfort).

These housing and income inequalities leave women particularly exposed to the current wave of extraordinarily high coal and gas prices, as Australia transitions away from expensive fossil fuels. [Private and social renters](#) are already more likely to be in energy stress than other households, and sole parents – the majority of whom are women – also have a [particular vulnerability](#) to energy stress. Women in these households are much less able to absorb extra energy costs, or to reduce them by installing home solar.

Women are less safe during climate change. Climate change exacerbates family violence risks, with the experience of previous disasters (such as the Victorian Black Saturday bushfires) showing that violence tends to [increase during and following disasters](#), driven by gender inequality and gender-related norms.

Women's health and wellbeing is also affected by the impacts of heatwaves on homeless people and those living in poor-quality private or social rental housing; by higher food prices following disasters and supply chain disruptions, with women already [more likely](#) than men to experience food insecurity; and by the [reproductive health impacts](#) of fires and other disasters on pregnant people.

Another major climate change and gender issue is jobs in the decarbonising economy. The gendered workforce inequalities of the fossil-fuel era will be replicated in a decarbonising economy unless policy action is taken to ensure women benefit from emerging industries and community transition plans and are properly remunerated for work that takes on even greater significance during climate change, such as health and social care. Economic transformations in response to climate change must also prioritise much greater diversity in ownership and control of essential goods and services, particularly by First Nations people.

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Unlike the October 2022 Women's Budget Statement (WBS), this year's WBS does not expressly mention climate change, which is disappointing given the enormous impact climate change is already having on women's lives. The Statement does acknowledge the gender dimensions of certain climate-related issues such as energy stress, and notes women will particularly benefit from energy bill relief payments ([2023-24 Women's Budget Statement](#), p. 16).

In the lead-up to the Federal Budget, the [Interim Economic Inclusion Advisory Committee](#) also honed in on energy inequities, recommending Government establish a national framework to manage an equitable and inclusive energy transition for people experiencing poverty and disadvantage, including reforms to reduce energy inequity and stress, promoting access to household electrification, efficiency and renewables, and other measures to ensure people experiencing disadvantage benefit from the transition.

The social equity dimensions of climate change are therefore becoming more visible to the Government. However, we need much deeper analysis and recognition of distributional impacts to ensure gender equality is enhanced, and not eroded, during a necessarily rapid period of decarbonisation and resilience-building over the next decade.

### **Gender implications of this budget measure**

The 2023-24 Budget is contradictory on climate change and energy, with some important steps undermined by ongoing support for fossil fuels and missed opportunities for fair taxation.

In the energy area, the very welcome \$1.5 billion Energy Bill Relief Fund will particularly assist women, who comprise the majority of eligible recipients -- including those receiving Carers Allowance, as over 70 per cent of recipients are women (2023-24 WBS, p. 16). Energy bill relief will also be provided to Family Tax Benefit recipients, about 50 per cent of whom are single parents. Payments will start flowing from July 2023, the amount of which varies by state/territory, depending on the extent of energy price rises in each jurisdiction. Total packages range from \$350 to \$500 when combined with state contributions.

It is excellent to see some administrative barriers removed for this payment, with bill relief to be applied automatically to the accounts of people who already receive energy concessions/rebates. This will assist the many women who may experience administrative/access barriers, such as women with disabilities, digitally excluded women, and family violence victim-survivors. However, many people eligible for energy concessions [currently do not receive one](#) – including 38 per cent of eligible people in South Australia, and 35 per cent in NSW. It will be particularly important to build awareness of relief payments among these groups (including via the slated Services Australia outreach in September 2023), and to use this opportunity to connect people to not only energy relief payments but ongoing bill concessions.

One-off relief payments, while very welcome, do not shift underlying energy costs. On this score, it is encouraging to see the Government support household energy efficiency and electrification measures. Australia's housing stock has very poor energy performance by

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international standards; a major rehabilitation and retrofit program is required to reduce energy costs and create healthier, climate-resilient homes. Energy upgrades for social housing will particularly benefit women for the reasons noted above, but the funding package (\$300.0 million over 4 years) is only estimated to reach around 60,000 of Australia's [440,000 social housing homes](#), many of which require energy upgrades.

The value of the \$1.0 billion energy upgrades loan fund -- which will provide 'low-cost finance' for solar and energy efficiency upgrades -- is less clear. These loans may assist some low-income homeowners if combined with subsidies. They may also help precarious middle-income families who are spending a large percentage of their incomes on mortgages, energy, food, childcare, and unfunded government education costs. For these families, affordable long-term investments in energy efficiency, electrification and solar may protect against vulnerability and prevent a slide into deeper financial stress and hardship.

For renters, the Government now needs to take the lead to introduce minimum rental standards – including energy performance standards – in collaboration with the States and Territories and supported by the expansion of the Nationwide House Energy Rating scheme funded in this budget (see **Housing**).

Energy system decarbonisation will also reduce women's underlying energy costs. A standout measure in this respect is the creation of the Net Zero Authority to support workers in emissions-intensive sectors to access new jobs and skills; support regions and communities to take advantage of new clean energy industries; and help investors and companies engage with net zero transformation opportunities. It will be important for the Net Zero Authority to take an holistic view of community and family welfare during the transition. This means supporting women to access job opportunities in emerging industries; enabling households as a whole to access the work, care, and financial support they need; and backing diversity in ownership and control of energy and other services during the net zero transformation.

It is surprising to see limited funding for disaster response, recovery and resilience in this budget. Additional mental health funding for disaster-affected communities is welcome; however, much more funding is needed to manage women's longer-term recovery needs, including housing, greater investment in mental health services, and family violence recovery. The forthcoming National Climate Risk Assessment and National Adaptation Plan needs to identify and respond to the particular risks women face during and post-disaster.

In other areas, the 2023 budget contradicts the Government's headline statements about climate action, and in fact undermines the action we so desperately need. There are only tepid reforms to the Petroleum Resource Rent Tax for oil and gas producers that raise an [additional \\$600m a year](#), at a time when vast amounts of public resources are being exported, turned into private profits, driving up energy costs in Australia, and prolonging climate pollution. Windfall profits particularly call for taxation: in 2022, Australia [exported a record](#) 81.4 million metric tonnes of LNG, leaving industry with revenue of \$92.8 billion when expected revenue was \$44 billion. Proper taxation could fund deeper emissions reduction by 2030 and equitable climate and energy measures.

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As ACOSS has long noted, the Government also needs to align tax policy with climate goals by phasing out the \$9.4 billion-a-year fuel tax credit/fossil fuel subsidy, and redirecting revenue to climate change measures (see **Revenue – Personal Tax**).

Further superannuation tax reform is also needed for reparative, gender-responsive climate action. Large superannuation balances, typically held by men, are underpinned by historical investments in fossil fuels. This superannuation is significantly under-taxed, with revenue foregone from superannuation tax concessions costing an astonishing \$50 billion a year. Properly taxing superannuation would help redistribute the gains of the fossil fuel era, which are skewed to men and high-income earners; prevent further unjust wealth accumulation; and provide funding for strong and equitable climate action (see **Superannuation**).

## Recommendations

The Government should:

- accelerate climate change mitigation funding and policymaking to limit global heating to 1.5 degrees on pre-industrial levels, including committing to no new fossil fuel investments
- provide longer-term financial support to women beyond the one-off energy relief package, by further raising JobSeeker and other working age payments
- deliver a large-scale home energy upgrades program for low-income households, including expanded upgrades of social housing, and policy and budgetary measures to introduce minimum rental standards across all States and Territories
- increase recovery-stage funding to help women cope with the financial, housing and safety/wellbeing impacts of disasters
- recognise climate change as a family violence risk and develop policy and funding accordingly
- ensure women benefit economically from industry transition plans, energy systems change and the wider decarbonising economy, and
- deliver deeper taxation reforms across fossil fuel production/use, superannuation and other areas to fund the measures identified above.

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