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A 'Green New Deal' for Scotland?

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INTRODUCTION

A Green New Deal could be an exciting way to bring together and focus the levers needed to tackle the scale of the climate emergency. We already have many tools at our disposal to deliver the urgent action needed to do our part in limiting warming globally to 1.5°C. **WWF Scotland would welcome any programme in Scotland that would:**

- Bring forward a proportionate and transformational response to the climate crisis that creates decisive action in all sectors in the next ten years
- Match ambition of legislation and political rhetoric with 'on the ground' policy delivery
- Recognise the high costs of inaction on climate change
- Maximise the economic opportunities arising from the shift to a zero-carbon economy
- Direct spending and incentives towards infrastructure that supports a zero-carbon Scotland
- Ensure public money is targeted at delivering public goods

We welcome the First Minister's recent adoption of the 'Scottish Green Deal' terminology when she told the STUC that "a key mission of the new National Investment Bank will be to support the transition to carbon neutral society - a Scottish Green Deal."¹ We look forward to exploring how this stated ambition will match up with policy delivery and new climate change targets.

With a number of relevant initiatives underway across Scotland – including the Just Transition Commission, the Infrastructure Commission for Scotland and the establishment of the SNIB – as well as policy delivery, there is a clear opportunity to take a coordinated approach to accelerating action on climate change and delivering an exciting programme to build a green economy.

We would encourage MSPs to use this debate to set out what their vision for a Scottish 'Green New Deal' is.

CLIMATE CRISIS NEEDS A PROPORTIONATE TRANSFORMATIONAL RESPONSE

"Limiting warming to 1.5°C is barely feasible and every year we delay the window of feasibility halves. Nevertheless, if we were to succeed, [the] benefits across society will be huge and the world will be all the richer for it. It's a battle worth winning."

Professor Piers Forster, University of Leeds, Co-Author of IPCC Special Report²

The IPCC report highlighted that urgent short-term action is needed between now and 2030 to have a chance of limiting warming to 1.5°C. Climate change is the biggest crisis facing the world and Scotland must act urgently to meet this challenge. We're the first generation to know we're destroying the

¹ <https://twitter.com/theSNP/status/1118449979469783040>

² <https://www.theguardian.com/environment/live/2018/oct/08/ipcc-climate-change-report-urgent-action-fossil-fuels-live?page=with:block-5bbabd21e4b0b8830be6b6ac>

world, and the last that can do anything about it. The IPCC report provided the evidence that we are not doing enough to limit warming to 1.5°C. The recent climate strikes have acted as a catalyst to show there's not only justification, but appetite, for urgent and more ambitious action from governments across the world.

“We all have a choice. We can create transformational action that will safeguard the living conditions for future generations. Or we can continue with our business as usual and fail.”

Greta Thunberg, Climate Activist, School Strikes for Climate³

In Scotland, we can set an example with world-leading legislation in line with our international commitments. We agree with the recent Environment, Climate Change and Land Reform Committee's Stage 1 report on the Climate Change Bill that **we can have a Scotland leading “at the forefront in exploring, developing and investing in opportunities and in the technology that will help us reach our emissions targets.”**⁴ (p1)

Costs of inaction are high

Although economic opportunities are evident, the risks and costs—both economically and for the health and wellbeing of people and nature—from inaction, far surpass any cost of implementing urgent change. Last week, the heads of two major central banks co-signed a letter with the Network for Greening the Financial System⁵ warning about the financial risks from climate change⁶. The letter outlines risks to infrastructure, property, productivity and health, and calls on businesses to bring climate change planning into everyday decision making. They suggest that a disorderly transition would be “disruptive and costly, particularly for those sectors and regions that are more vulnerable to structural change.”

“If you were to delay any more, the costs would be higher in the long term. [Immediate action] is the least-cost way of doing things, because otherwise you will incur greater costs further down the line.”

Professor Jim Skea, IPCC, Evidence to the ECCLR Committee, 23rd October 2018⁷

In Scotland our food systems, homes, wellbeing, and the air we breathe are all at risk. For instance, a recent WWF Scotland-commissioned report by Ecosulis⁸ showed that extreme weather contributed to losses of up to £161m for Scotland's farmers during 2017 and 2018. Farmers are increasingly on the frontline of climate change, struggling with ever more unpredictable seasons and extreme weather. Any ‘Green New Deal’ must ensure farmers are supported to address challenges and maximise opportunities in the fight against climate change. Scotland's natural environment is not immune to impacts, and we are already seeing the decline of our iconic species and habitats, along with the ecosystem services they provide.⁹ Taking urgent action to prevent and mitigate these impacts is a necessity, not a choice.

³ <https://www.theguardian.com/environment/2019/jan/25/our-house-is-on-fire-greta-thunberg16-urges-leaders-to-act-on-climate>

⁴ <https://sp-bpr-en-prod-cdnep.azureedge.net/published/ECCLR/2019/3/4/Stage-1-Report-on-the-Climate-Change--Emissions-Reduction-Targets--Scotland--Bill/ECCLRS052019R1.pdf>

⁵ Formed in 2017, NGFS is an international coalition of 34 central banks.

⁶ <https://www.bbc.co.uk/news/world-47965284>

⁷ <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11723>

⁸ Impact of extreme weather on Scottish farmers 2018 report <http://bit.ly/2uXezAw>

⁹ http://www.scotlink.org/wp/files/documents/Scotlands_Nature_Red_Alert.pdf

ACTION ON CLIMATE CHANGE IS AN ECONOMIC OPPORTUNITY

“Scotland recognises that the transition to a carbon neutral economy is, first and foremost, an overwhelming moral imperative. However, it is also an economic opportunity. We have a chance to develop new technologies, create new jobs, enhance our environment and improve our health.”

First Minister Nicola Sturgeon, Speech at IPCC Event, 2nd April¹⁰

The guiding concept globally behind a Green New Deal is that transitioning to a zero-carbon economy can create economic opportunities through a new generation of industries and green jobs, while leaving no one behind. It would shift the way we use public finance to ensure money is invested in zero-carbon infrastructure, while incentives in key sectors would be provided for delivery of public goods. By having the goal to tackle the climate crisis at the heart of the economy, it prioritises our future and the future of the planet.

Businesses positive about stronger action on climate change

A recent WWF Scotland survey showed that a majority of large Scottish firms, believe the required urgent response to climate change presents an economic opportunity.¹¹ Previous analysis for WWF by Cambridge Econometrics showed that meeting the equivalent of Scotland’s emissions targets through to 2032¹² would have positive economic effects, leading to 190,000 net additional jobs, 1.1% growth in GDP and households on average £565 better off, as well as an £8.5bn fall in oil and gas imports, compared to a scenario where climate goals were missed.¹³

Two new reports¹⁴ on behalf of the business-led Aldersgate group¹⁵ argue that **a net-zero emissions target for the UK could provide a significant industrial opportunity for UK businesses**, as long as it is accompanied by much bolder innovation policy, and ambitious market creation measures that are informed by a clear understanding of lifecycle emissions. These policies should seek to accelerate the innovation at scale of critical technologies and rapidly grow the demand for ultra-low carbon infrastructure, products and services.

“We need policymakers to continue to set more ambitious targets, encouraging businesses to make their own bold commitments and generating greater positive momentum to a net zero future. We have set an ambitious net zero by 2045 target, but we need collaboration and policy support to realise it.

Andy Wales, Chief Digital Impact and Sustainability Officer, BT Group

The Aldersgate Group use the reports to call on the UK Government to set a net-zero target as soon as possible after the CCC publishes its advice, saying that **long-term clarity is essential to inform cost-effective business investment decisions in the new business models and high capital cost infrastructure required to achieve net zero emissions**. Aldersgate say that government should work with industry to set sector-based decarbonisation roadmaps underpinning this target, following the example of the Swedish fossil free industry roadmaps. **WWF Scotland**

¹⁰ <https://www.gov.scot/publications/first-minister-speech-intergovernmental-panel-climate-change-evening-reception/>

¹¹ The survey of 300 Scottish businesses was conducted by Censuswide on behalf of WWF Scotland in October 2018, the sample included 150 businesses with over 250 employees and 150 SME businesses. Business statement available here: <https://www.heraldsotland.com/news/17355689/global-giants-call-for-more-action-on-climate-change/>

¹² Based on meeting UK’s fifth carbon budget (which is roughly commensurate with Scotland’s existing targets through to 2032)

¹³ <https://www.wwf.org.uk/updates/meeting-carbon-budgets-will-strengthen-uk-economy>. This uses sophisticated macroeconomic modelling, better than CGE models traditionally used by Government, which have a number of weaknesses leading to over-estimating the costs of tackling environmental issues. See Ackerman and Johnson, 2014: (Mis) Understanding Climate Policy: https://www.wwf.org.uk/sites/default/files/2014-29/590005_wwfuk_hmrc_final_interactive_med.pdf.

¹⁴ The reports were published on the 4th April 2019. Available here: <http://www.aldersgategroup.org.uk/latest#businesses-positive-about-a-uk-net-zero-emissions-target-but-it-must-come-with-bold-innovation-support>

¹⁵ The Aldersgate Group brings together some of the largest businesses in the UK with a collective global turnover of nearly £600bn to advocate for high ambition at a UK level on climate policy, resource efficiency and environmental protection

suggests that such roadmaps could be developed under the auspices of the Just Transition Commission here in Scotland.

Aldersgate also argue for increased short-term policy action, an education and training strategy to ensure the workforce is equipped with the skills required by the net zero transition, and new or expanded institutions that can accelerate innovation and co-ordinate the early stage deployment of complex technologies like low carbon heat and Carbon Capture and Storage (CCS).

INFRASTRUCTURE SPENDING UNDER A ‘GREEN NEW DEAL’

As the costs of climate change become more apparent, Scotland needs to invest in infrastructure that is fit for the future and will help us deliver a thriving zero-climate emission economy. There is no time for ‘bridge’ technologies or ‘less emitting’ investments – **virtually all infrastructure decisions need to actively reduce emissions or be climate neutral to be compatible with enhanced climate ambition.** In addition, all infrastructure investment must take account of the need for resilience to climate impacts over the coming decades.

WWF Scotland welcomed the commitment from the Scottish Government, made as part of the 2018-19 Budget deal with the Scottish Green Party, to continue to increase, year-on-year, the proportion of Scotland’s capital budget that is spent on low carbon infrastructure.¹⁶ However, it is WWF Scotland’s view that current levels of investment in low carbon infrastructure fall short of meeting this requirement, let alone the more exacting targets that will be set in the Climate Change Bill.

The Scottish Government will, in our view, need the input of the Infrastructure Commission to identify the infrastructure projects that should be initiated or progressed in the immediate few years in order to meet climate change targets, and deliver on this commitment to increased spend on low-carbon infrastructure. A long-term role for the Infrastructure Commission, or another agency, could be to analyse the Scottish Government’s Infrastructure Investment Plans and capital budgets, and to independently assess the alignment of these plans with the Government’s climate change plans.

Scottish National Investment Bank (SNIB)

The SNIB has the potential for being an important vehicle or partner for the delivery of any Green New Deal, as part of its mission-orientated approach. Long-term patient capital has an important role for the parts of climate change decarbonisation where further innovation is still required to bring commercially unproven technologies to market.

However, the Scottish National Investment Bank Bill as introduced does not reflect this important potential, as it does not include tackling climate change in the objectives part of the Bank’s articles of association, introduced by section 2 of the Bill. **The SNIB Bill should be amended to include investing in Scotland’s action to tackle climate change as one of the Bank’s objectives and to make an explicit link to the Climate Change (Scotland) Act 2009.**

KEY AREAS FOR ACTION

The Scottish Government’s independent advisers on climate change, the CCC, were clear in their recent Scotland Progress Report¹⁷ that **“Scotland’s progress in reducing emissions from the electricity sector masks a lack of action in other areas, particularly agriculture, transport, forestry and land use”**, and any Green New Deal must prioritise action in these areas if we are to hit emissions targets through to 2032.

¹⁶ Correspondence from the Cabinet Secretary for Finance and the Constitution to the Convenor of the Finance and Constitution Committee, 19 January 2018. http://www.parliament.scot/S5_Finance/General%20Documents/Letter_from_the_Cabinet_Secretary_19_January.pdf

¹⁷ <https://www.theccc.org.uk/wp-content/uploads/2018/09/Reducing-emissions-in-Scotland-2018-Progress-Report-to-Parliament.pdf>

JUST TRANSITION

Well executed policy action to cut our climate emissions can provide a diverse range of co-benefits, including: cleaner air in our cities, more wildlife in rural areas, reduced fuel poverty from warmer homes, and new jobs in new industries. By maximising these opportunities, **the transition to a zero-climate emission economy can result in a more socially and economically just Scotland**. WWF Scotland's view is that clear foresight for what the transition entails and a long-term plan of how to get there is essential for securing a Just Transition.

Creating early and stable policy signals maximises the ability of investors to invest in innovation in Scotland, maximising the chances of Scotland securing first mover advantage in key decarbonisation sectors – this should mean the setting of appropriate policy delivery targets as has already been done for example for renewable electricity and the sale of electric vehicles, as well as the early removal of subsidies in declining industries such as the extraction of oil and gas. Early policy signals also minimise the risks of stranded assets, and the economic injustices likely to accompany their early write-off.

Proactive leadership enables the risks and negative impacts of decarbonisation to be best managed and minimised, for example through skills planning and retraining, support to growth industries and targeted support to communities that are particularly exposed in employment terms to industries that need to transition (for example the North-east of Scotland).

WWF Scotland welcomes the establishment of the Just Transition Commission¹⁸, and looks forward eagerly to the Commission's first reports.

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1961-2013: Over 50 years of conservation. WWF works in over a hundred countries to safeguard the natural world so that people and nature thrive.

¹⁸ WWF Scotland Director Lang Banks is a Commissioner