

## FINANCE COMMITTEE CALL FOR EVIDENCE

### DRAFT BUDGET FOR 2013-14

#### SUBMISSION FROM STOP CLIMATE CHAOS SCOTLAND

“Only by promoting environmental sustainability, and delivering a significant reduction in our greenhouse gas emissions, will we be able to deliver growth and benefits for all over the long-term.”

Scottish Government's Economic Strategy<sup>1</sup>

#### Introduction

1. Stop Climate Chaos Scotland (SCCS) welcomes the opportunity to respond to the Committee's inquiry into 'sustainable economic growth'.
2. SCCS is a diverse coalition of 60 organisations campaigning together on climate change, including international development, faith and environment organisations, trade and student unions and community groups. We worked together to inform the debate around the Scottish Climate Change Act when it went through Parliament in early 2009. Since then we have continued our engagement with Parliament to ensure that Scotland meets the ambitious targets set in the Act.
3. We have focused our response to this inquiry to the need to invest in a low carbon economy in order to meet our climate targets and secure multiple benefits for Scotland.

#### Summary

- To meet Scotland's climate change targets, and set Scotland on a sustainable path, a step-change needs to be seen in the funding made available for low carbon transport and for home energy efficiency programmes, alongside a decisive shift away from spending on large road-building programmes.
- Investment in energy efficiency and active travel (cycling and walking) programmes provides significant opportunities to deliver thousands of green jobs, support Scotland's economy and improve our health.
- The 2012-13 Budget and Spending Review acknowledged that tackling climate change is an important aspect of preventative spend. Moving towards a low carbon economy, and funding measures to cut emissions will not only help meet our legally-binding climate change targets, but will also bring multiple benefits right across the Scottish economy.
- When considering the forthcoming Budget we urge the Finance Committee to give particular attention to the recommendation from the RACCE Committee in their

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<sup>1</sup> <http://www.scotland.gov.uk/Resource/Doc/357756/0120893.pdf>

report on the 2012-13 budget that the Scottish Government “ensure that all proposals and policies in the RPP, and any future revisions of the RPP, are fully funded, in order to meet the targets set out in the Climate Change (Scotland) Act 2009”<sup>2</sup>.

- SCCS recommends that the next Budget provides at least £100m in public funding for home energy programmes and that 10% of the transport budget be allocated to active travel.
- This is especially important given the recent publication of data that shows Scotland missed its very first target under the Climate Change (Scotland) Act 2009. This data showed that emissions from the housing and transport sectors are higher now than in 1990.<sup>3</sup>

### **Opportunities and benefits of low carbon investment**

4. The Scottish Government has stated that there are “significant opportunities associated with the transition to a low carbon economy” including the potential for low carbon activity to grow to 10% of the Scottish economy by 2015 and provide 130,000 low carbon sector jobs by 2020.

5. There is evidence<sup>4</sup> that investing in low carbon transport and energy efficiency/fuel poverty projects can bring benefits to small to medium businesses across Scotland. Because this work will be required across the country, it is much more accessible to smaller, local businesses than large road-building projects in particular locations would be. For example, the development of National Cycle Network route 78 (Oban-Balachulish) was delivered by local firms.

6. In addition, investing in low carbon activities can improve the health and well-being of the Scottish population, contributing to the Government’s preventative spend agenda. Increasing cycling rates by improving facilities has a positive effect on health and would translate into an annual economic value of up to £2.03 billion<sup>5</sup>. In another example, air pollution from transport and power stations results in an average reduction in lifespans of around 8 months. In Scotland, that equates to 5,000 deaths and up to £2 billion in health costs annually<sup>6</sup>.

7. The Infrastructure and Capital Investment Committee’s Report on the Budget 2012-13 noted that “it is extremely difficult to find empirical evidence that investment in transport infrastructure - especially large-scale transport infrastructure - grows the overall economy<sup>7</sup>” which is at odds with the Government’s plan to accelerate

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<sup>2</sup> <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/45089.aspx#ann1>

<sup>3</sup> <http://www.scotland.gov.uk/Resource/0039/00397478.pdf>

<sup>4</sup> Sustrans evidence on Budget 2012-13 to ICI Committee: <http://bit.ly/ub09Qr>

<sup>5</sup> Transform Scotland Trust, Towards a Healthier Economy, <http://www.transformscotland.org.uk/GetFile.aspx?ItemId=108>

<sup>6</sup> Friends of the Earth Scotland, 42% Better, [http://foe-scotland.org.uk/sites/files/42PercentBetter\\_0.pdf](http://foe-scotland.org.uk/sites/files/42PercentBetter_0.pdf)

<sup>7</sup> Professor Tom Rye, ICI Committee meeting, 05/10/11, <http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=6449>

economic recovery through investment in infrastructure programmes, particularly road building<sup>8</sup>.

8. Transport and home energy efficiency programmes are two of the key areas where significantly more effort is required in order to reduce Scotland's emissions and meet our climate change targets. This will be particularly important given that the first annual target set under the Scottish Climate Change Act was missed, with emissions increasing in 2010 compared to the previous year.

9. SCCS recommends that the next Budget provides at least £100m in public funding for home energy efficiency programmes and that 10% of the transport budget be allocated to active travel. At the same time, there needs to be a move away from spending vast amounts of public funds on carbon-intensive activities. This will enable Scotland to play its part in tackling climate change and avoiding some of the economic and social impacts outlined above.

### **Increased costs of not tackling Scotland's emissions**

10. The Organisation for Economic Co-operation and Development (OECD), in its report *'The economics of climate change mitigation'* states that 'if a full-fledged global carbon market is developed in the next decade or so, we could [avoid dangerous climate change] at a cost of just one-tenth of a percent of average world GDP growth between 2012 and 2050.<sup>9</sup>'

11. The Stern Review also states that 'the benefits of strong, early action on climate change outweigh the costs' and that 'ignoring climate change will eventually damage economic growth'<sup>10</sup>. Tackling climate change is one of the most important pieces of preventative spending that Scotland, and the rest of the world, must make in order to avoid disastrous environmental, social and economic impacts.

12. The UK Committee on Climate Change UK (UKCCC), the independent body which advises the Scottish, as well as the UK, Government on climate change issues, has also confirmed that 'Scottish emissions reduction targets can be met at manageable economic cost (e.g. of the order less than 1% of GDP)' to meet the 42% emissions reduction target by 2020<sup>11</sup>.

### **Enabling a flourishing Scotland**

13. SCCS notes that the stated purpose target in the National Performance Framework is to create 'a more successful country, with opportunities for all of Scotland to flourish, *through* increasing sustainable economic growth' [our italics].

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<sup>8</sup> "we have taken decisive action to boost investment in the infrastructure Scotland needs to prosper, supporting jobs and promoting growth", Scottish Spending Review 2011 and Draft Budget 2012-13, Foreword.

<sup>9</sup> OECD, *The Economics of Climate Change Mitigation*, <http://www.oecd.org/dataoecd/62/40/43706492.pdf>

<sup>10</sup> *The Stern Review: Economics of Climate Change*, [http://www.hm-treasury.gov.uk/d/Executive\\_Summary.pdf](http://www.hm-treasury.gov.uk/d/Executive_Summary.pdf), P1

<sup>11</sup> UKCCC, *Scotland's path to a low carbon economy*, <http://bit.ly/rn8jZA>

Creating sustainable economic growth is not the stated purpose in itself, it is a means to an end.

14. On a planet with finite resources, it is impossible to plan for economic growth without ensuring environmental and social sustainability. Therefore, this inquiry cannot be conducted without consideration of environmental and social impacts.

## **Conclusion**

15. Scotland has committed to the most progressive climate change legislation anywhere in the world. Given that the first emissions reduction target under the Scottish Climate Change Act has been missed, there must be considerably increased action to ensure that future targets can be met. A key opportunity to get us back on track is presented this autumn when the Scottish Government will publish its revised plans in the second Report on Proposals and Policies (RPP2).

16. However, the plans set out in that document cannot be achieved unless sufficient public funds are allocated to make them happen. In particular, we need to see a substantial increase in the funding made available to home energy efficiency measures and to low carbon transport, especially active travel (cycling and walking).

17. At the same time, there are multiple benefits presented by shifting away from high carbon activities to a low carbon economy, such as improved health and well-being and substantial job opportunities.