

Submission to the Senate Committee Inquiry on the Safe Climate Bill 2009

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Irrespective of whether global warming is a factor or not, we cannot continue to plunder the bank of natural resources. Our impact on reducing productivity with past watertable rise and salinity has been immense, not to mention the catastrophic destruction of soil resource through overgrazing and associated soil compaction and erosion (e.g. Western NSW land leases).

In our region we see and feel the impact of climate change and it is evident in assessing long term average rainfall over a number of northern Victorian weather stations. More importantly, on the ground we are directly impacted by the economic decline in horticulture and the food processing industry. Many live in what I consider a vain hope that things will turn around. In the meantime critical industrial mass is being lost and a turnaround becomes even less likely.

I have read this Bill and have assimilated its content and recognise that while it contributes to reducing climate change through reduced emissions from the commercial sector, the Bill may not be the fastest way of achieving change in society and therefore reduce emissions from commercial premises. I have read this bill as a person who works at the coalface of energy assessments and is in contact with tenants or managers and not so much the owners of buildings. I do applaud the fact that the implementation of the Bill will get the owners attention, but regret that it will be the tenant that pays.

The pressures of running a business limit the extent of detail in this submission. That in itself raises an important point. Business will need considerable support to change their thinking and understanding of energy and its relationship to their business. Most tenants have no comprehension of what the electricity bill actually says, except a dollar sign on the bottom line.

General comments

1. I support a legislative approach to the issue of energy efficiency in commercial buildings, schools, hospitals and other public buildings.
2. A voluntary approach will have limited uptake and the proposed Bill with its "carrot and stick " structure will bring action, but in many cases not willingly. The carrot is viewed as small and the stick large in this instance. This could encourage a backlash element or attitude and may in fact slow down the process of emissions reduction.

A stronger emphasis is needed to apply peer pressure, and real incentives, underpinned by legislation with teeth similar, but less draconian, than that proposed. The NSW Department of Climate Change and water (DECCW) have initiated several programs (Energy Efficiency for

Small Business Program and Sustainability Advantage Energy Saver Program) that provide support and incentives for a wide range of commercial and industrial organisations. Their success is still to be measured, but it is clear that many businesses lack two important elements, firstly the understanding and secondly critical capital to undertake change, even with incentives.

A business green loans program will be required. So many government programs have narrow gates that preclude potential recipients in this instance these gates must be wide open to all those affected by the legislation if there is to be effective medium term action.

It is not enough to just have a tax incentive. Many small businesses operate on extremely low margins, especially in regional areas. Their taxable income is so small that a tax incentive doesn't feature in their carrot bin.

3. This concept of Energy Efficiency is considered by many commercial operatives to be in the realm of engineers and scientists. Most business people are not of that mindset and will need to engage consultants to address their issues. Despite the immediate, short and long term savings for building owners it remains an additional and substantial business cost that will, be passed immediately to the to the tenant.
4. The Bill is very draconian in its drafting with reference to the Criminal Code in several places. In addition to an energy policeman (Energy Data Officer) looking over people's shoulder what is needed are the educators and facilitators that can disseminate information and support the task in hand.
5. Tradeable Energy Certificates (TECs) should have a Carbon Credit Equivalent (CCE) that can be substituted for or converted to TECs. This equivalent value might be reviewed as the upper and lower caps change.
6. For many existing buildings achieving substantial energy reductions will prove difficult. Having a period where temporary offsets (CCEs) can be purchased may be a solution and enable an eventual redevelopment of the building/site building. Despite the urgency with which we need to act, time is required for change to happen, both structurally and from a social justice viewpoint.

Having such an option available would encourage investment in areas of environmental protection, where values such as agricultural soil improvement, habitat or catchment protection can be enhanced. Moreover, there would still be an incentive to reduce energy use because of the cost of purchasing CCEs.

7. The energy user is not the landlord in most cases as is recognised in the second reading preamble. There is therefore reluctance on the part of tenants to install energy saving

equipment. Options should be incorporated to allow agreement between building owners and tenant to for landlords to purchase at the depreciated taxation value. Low or no interest loans should be made available for landlords to do this.

8. The issue of capital cost of equipment versus running cost (emissions) for items such as new air conditioning is not well appreciated by building owners, or tenants, who have no or little say in the purchase, but have to pay the running costs. Professional advisors (engineers, consultants, energy auditors, architects) have a large role to play in improving energy efficiency. A classic case in point is a newly constructed local school (2008) that wanted a sustainable building design, but was significantly compromised by poor advice from the "architect" with the carrot being reduced capital expenditure. It must be mandatory (part of the Bill) for the state of the art energy efficient equipment to be installed. Energy Performance Contracting (EPC) should be a part of the Bill. EPC is a way of guaranteeing energy savings and decreased emissions with equipment upgrades. Building efficiency certificates alone are not enough to encourage action, in some instances it might be the cheaper option to purchase a few extra certificates, especially if the building is being sold off.
9. The Owner (together with the tenant should be required to prepare an Energy Saving Plan to facilitate emissions reductions. Low and medium cost options (with variable emissions savings) will be readily adopted (<2 year pay back), but substantial incentives or loans should be available from the government if they are serious about action on this matter. This will be needed to get the big cost, big energy saving actions implemented.

Specific Notes

10. A specific note on Section 12(2) - Given the size of some buildings and the number of them that consultants will need to deal with, 30 days is insufficient time to provide a transitional report to the GH and ED Officer. 90 days would be more appropriate.
11. Part 6 Section 28(2) The Penalty units applied in this and other sections might be insufficient in the case of very large companies and might be too much for small businesses. There needs to be a scaled approach to penalties, in line with the dimensions of the building, or better still the amount of energy consumed or emissions intensity.
12. Part 7Sec 43(1) add..... an authorised officer, *or other persons as approved by the Minister.*