

Submission to the Senate Select Committee on Climate Policy

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TERMS of REFERENCE

(1) (a) the choice of emissions trading as the central policy to reduce Australia 's carbon pollution, taking into account the need to:

(i) reduce carbon pollution at the lowest economic cost,

(ii) put in place long-term incentives for investment in clean energy and low-emission technology, and

(iii) contribute to a global solution to climate change;

(b) the relative contributions to overall emission reduction targets from complementary measures such as renewable energy feed-in laws, energy efficiency and the protection or development of terrestrial carbon stores such as native forests and soils;

(c) whether the Government's Carbon Pollution Reduction Scheme is environmentally effective, in particular with regard to the adequacy or otherwise of the Government's 2020 and 2050 greenhouse gas emission reduction targets in avoiding dangerous climate change;

(d) an appropriate mechanism for determining what a fair and equitable contribution to the global emission reduction effort would be;

(e) whether the design of the proposed scheme will send appropriate investment signals for green collar jobs, research and development, and the manufacturing and service industries, taking into account permit allocation, leakage, compensation mechanisms and addittonality issues; and

(f) any related matter.

INTRODUCTION

The Mount Alexander Sustainability Group (MASG) is an incorporated, not for profit organisation on the Register of Environmental Organisations with the Department of Environment and Heritage. The group currently has a membership of over 900 and growing in the regional shire of Mount Alexander, Victoria. Our area is already suffering from the impacts of climate change on our landscapes, livelihoods and lifestyles and as a community we are very active in taking action to tackle climate change.

MASG aim is to work for a 30% reduction in our community's greenhouse emissions by 2010 and zero net emissions by 2015 as outlined in our strategic plan available at www.masg.org.au

The responses given below to this policy stock take are part of a policy development process still ongoing at our committee level. To date the MASG strategic plan and policy development has been focussed on local actions and as such we offer these suggested policies and comments to this Inquiry as a work in progress as part of our contribution to the ongoing national debate.

SUMMARY

We do not believe that the proposed CPRS will not deliver sufficient effective price signals to the marketplace nor will it deliver environmentally acceptable levels of emission reductions. It is fundamentally flawed, unjust, complex and will be ineffective at assisting the Australian economy transition to a low carbon future.

We support vigorous and immediate reduction targets nationally to assist MASG and our community achieve our aims.

We support a capping of Australia's emissions by 2010 with a progressive 4% per annum reduction target based on 2010 figures leading to a 40% reduction by 2020, an 80% reduction by 2030 and a zero net national target achieved by 2035.

We support a final stable atmospheric CO2 target of a maximum of 350 ppm based on our current level of understanding but note that we will be guided by the science that may indicate a need to reduce that atmospheric level to stabilise the climate as we gain a greater understanding of the complexity of climatic interactions and greenhouse gases.

We support a renewable energy target similar to the MRET that would assist achieve these aims, noting that the proposed 20% target would not be sufficient and recommend a 50% renewable target by 2020 with the aim of having 100% renewable energy/ zero emissions energy generation by 2035.

We would prefer the use of a Carbon Tax in place of a CPRS type system to deliver price signals to business and consumers.

We support the use of a contraction and convergence model that includes acknowledgment of prior historical emissions for determining equitable sharing of emission reductions between nations.

Other policy suggestions are outlined in depth under the terms of reference headings.

(1) (a) the choice of emissions trading as the central policy to reduce Australia's carbon pollution:

MASG understands the political reality behind the national policy debates over the introduction of an emissions trading scheme versus some form of carbon taxation. In that context MASG would suggest that we believe that a CPRS is administratively complex and we would prefer the introduction of a carbon tax on fossil fuel usage to deliver the price signals required to correct market failures.

Our preferred carbon tax would apply at the point of dispatch (refinery, power stations etc) starting at \$40 per tonne by 2010 and rising progressively by a minimum of \$2 per tonne per annum or greater if required to assist achieve the national emissions reduction targets. The money raised by this tax would be used to:

- Assist pay for the provision of energy efficient public housing
- Assist those on low incomes receive assistance to implement energy & water efficiency improvements in their housing and access low emissions intense transport.
- Pay for the provision of grid connections for renewable energy generation
- Upgrade the provision of public transport in all jurisdictions

A carbon tax would not have any provision for offsetting.

To further assist drive down emissions and transition our economy we support the use of National Renewable Energy Targets (MRET type schemes).

We support a MRET with a 50% renewable target by 2020.

We strongly support a national feed in tariff payable on electricity generated from renewable sources that is fixed for a minimum of 15 years, is payed on the gross amount of energy generated, is not limited on size, is progressively reduced to encourage early adoption, is calculated at a minimum of 3 times the standard domestic electricity tariff that would deliver a likely payback of less than 10 years for current Renewable energy solar PV and Wind technologies.

Community owned renewable energy will play a pivotal role in increasing the uptake of renewable energy and importantly also has the following benefits:

- allowing local people to take ownership of and responsibility for the way in which their communities are powered
- enabling profits produced by electricity generation to remain in the community
- allowing local people to share in the financial benefits offered by the generation of their own renewable energy
- providing local jobs and business opportunities
- increasing the resilience of our energy supply network
- reducing the influence of large energy corporations upon national policy deliberations.

We support the use of planning policies at the state level to mandate the inclusion of solar PV and solar Hot water in all new buildings unless a specific exemption is obtained as per the current Spanish government policy.

We support the current policy and level of rebates in Victoria for the retrofitting of Solar Hot Water onto existing dwellings.

We believe the current rebate schemes to promote solar PV are complex, inconstant, do not deliver long term certainty to the industry, are applied with numerous restrictions, have perverse outcomes in terms of energy usage and are administratively onerous on the government and community and should be replaced by a National Feed in Tariff as soon as possible as outlined above.

We believe that Government should lead by example and ensure all Government agencies purchase electricity with 100% renewable energy accredited under the National Green Power Accreditation Program by 2012.

(c) whether the Government's Carbon Pollution Reduction Scheme is environmentally effective, in particular with regard to the adequacy or otherwise of the Government's 2020 and 2050 greenhouse gas emission reduction targets in avoiding dangerous climate change;

The Mount Alexander Sustainability Group requests that the Australian Government work with our community to reduce our greenhouse gas emissions, secure jobs in the emerging low carbon economy and see Australia powered by 100% renewable energy by 2020.

We understand that the government may be under pressure from vested interests who wish to delay action on climate change and the transition to a low carbon economy. We wish to support you to resist that pressure and assist you enact those changes that will result in a fast return to a safe climate and the creation of employment opportunities, or green jobs, in regional Australia.

The introduction an emissions trading scheme could be one of an important series of policy initiatives that you could enact to assist Australia achieve these goals. The current draft legislation for the Carbon Pollution Reduction Scheme (CPRS) will not result in domestic emissions being reduced nor will it assist our business leaders and community transition our economy.

Targets-In line with the Science

We note that Australia's emissions should be cut by a minimum of 40% from 1990 levels by 2020 if we are to have any chance of returning to a safe climate. A 15% reduction undermines international negotiations and a 5% reduction is viewed as a joke. Leading scientists are calling for cuts of at least 40% by industrial nations and Australian Treasury modeling shows that over the long term such a target would have negligible impact on Australia's GDP (it would double in 276 months from now rather in 254 months). Let's not have to explain to our children and the rest of the world that we didn't do our bit to combat climate change because we couldn't wait 22 months longer to be twice as rich!!.

The proposed targets of 5-15% on 2000 levels will place Australia on a trajectory of committing the world to having an atmosphere of 550ppm CO₂ which would lead to an estimated average temperature rise of 4° OR EVEN MORE. This would be catastrophic resulting in the probable collapse of the Greenland and Antarctic Ice Shelves with sea level rises of tens of meters, displacement of hundreds of millions of people and the desertification of vast areas of Australia, USA, Africa and South America. Such a policy target is suicidal.

Auctioning permits- no free rides.

Major polluters should purchase all of their emission permits. That is a free market. It will facilitate the transition to a low carbon economy and provide the Government with revenue to assist low income households be more energy efficient and ensure a just transition to affected communities. It

will also provide investment capital to power the charge to renewable energy and provide low carbon public transport & freight infrastructure. If major polluters are given 80 % of their permits free it will just make the price of carbon for those not compensated more expensive and will delay the transition. This is unjust.

No compensation to Coal Powered Electricity generation.

Emissions trading schemes have been discussed in Australia for more than 10 years and the operators of Coal fired power stations have known that the introduction of such a system is likely. If they have not invested in alternatives already and wish to continue to operate the stations as is they should bear the costs of these decisions. It is unjust that they receive \$3.9 Billion dollars because of these decisions; that is the equivalent of a \$455 cheque from every Australian family. That is unjust.

Inclusion of voluntary action.

If householders, local government, State governments and small business voluntarily reduce their emissions the number of issued permits should be reduced commensurately. That enables us all to do our bit to address climate change. With all sectors of society contributing together we will make large reductions in our domestic emissions.

Domestic emission reductions- Place a limit on overseas permits.

If we buy all our offsets overseas we do nothing to position ourselves for the new economy and only stave off the changes that will eventually be required. Delayed action will cost us jobs in Bendigo and we will be less competitive in the future economy. We want you to recommend that a maximum of 10% of all permits surrendered will be allowed to come from overseas jurisdictions.

(b) the relative contributions to overall emission reduction targets from complementary measures such as renewable energy feed-in laws, energy efficiency and the protection or development of terrestrial carbon stores such as native forests and soils;

We note the following recommendations that would contribute to overall emission reduction targets in addition to a Carbon Tax or CPRS type policy.

Energy Efficiency:

We recommend a progressive increase in the national energy efficiency standards for electrical goods, housing and vehicles:

Housing- National 6 star rating by 2012 including mandatory Solar PV, Solar Hot water and water capture and reuse progressively rising to carbon neutral housing by 2020

Electrical goods- A progressive increase mandated in the energy efficiency of major household appliances under the Australian standards of Refrigerators, televisions, air conditioning and heating to become 50% more efficient by 2020.

Cars- A progressive mandated increase in the fuel efficiency of the passenger vehicle fleet for new cars to 5l/100km by 2012 with a progressive 1l/100km reduction every 3 years leading to new car efficiencies of a minimum of 2l/100km by 2021

We call for the removal of structural barriers to the entry of distributed energy generation from gas or renewable sources in the current National Electricity Market and its regulation, specifically:

Changing the current income arrangements for Distributed network service providers from the current situation that locks them into receiving payment for volume of energy traffic on their network to a system of payment based on the quantity of energy services delivered in their client network area.

Government subsidised assistance in upgrading the national electricity grid in areas with good renewable energy resources to facilitate the entry of RE generators into the grid.

Removal of barriers to the introduction of local private wire networks between industries, residential housing and other local electricity consumers.

A national program to build 100,000 minimum 6 star energy efficient public houses with attendant public transport linkages by 2012. The aim is to stimulate the uptake of sustainable building practices, provide socially equitable housing, reduce homelessness, reduce the pressure on housing prices and stimulate the Australian economy.

A national mandatory licensing of all private rental accommodation by 2010 with disclosure of independent assessment of the house's energy and water efficiency using a national standard. A phasing in of progressively increasing requirements to increase the water and energy efficiency of the rental stock to maintain licences leading to a 50% increase in the energy and water efficiency of the national rental housing stock by 2015.

By 2010 the requirement for all housing that is offered for sale to disclose an independent assessment of the house's energy and water efficiency using a national standard.

Reduce maximum speed of cars to 40kph in all cities. This is already in place around schools in Victoria and could easily be extended in a carbon-constrained world. This would make bike and pedestrian travel much more attractive to all, especially for children.

Reduce maximum speed of cars to 80kph on roads not in built up areas which will increase fuel efficiency, safety and road wear.

Phasing out Fossil-Fuels:

We would propose the following to enable Australia's economy transition out of fossil fuel dependency. We note the example set by the Government of Mauritius who have announced that that nation will be independent of fossil fuels by 2020.

No new expansion of coal or gas fired power in Australia unless it can demonstrate an emission intensity of < 200 gm CO₂E per kWh or an efficiency of greater than 80% energy conversion at the time of commissioning

A comprehensive lifecycle analysis of the carbon footprint of the use of nuclear power be undertaken to guide public discussion.

An immediate stop of Federal Subsidies to the use of diesel fuel.

The introduction of commercial water usage charges to power generators by 2010 if they are not in place.

The cessation of the fringe benefit tax loophole on the use of company cars for private commuting.

Assisting the doubling of the use of shipping and rail freight usage from current levels by 2012 through the investment in the upgrading of rail infrastructure.

If a CPRS is not enacted a tax or levy on export coal set at \$20 per tonne exported is levied and the revenue from the tax or levy on export coal be used to fund 'clean technologies', efficiency technologies, mitigation programs and adaptation programs in Australia.

Land Use:

We support the following policies:

All logging in old growth forests is to be phased out by 2010.

Bio-energy from the use of wood must be demonstrated to come from plantation sourced timber and residues to be eligible to be classed as a renewable energy.

Public Transport:

We recommend the following policies:

A doubling of public transport passenger usage in all jurisdictions by 2012 from current usage levels by the provision of increased public transport infrastructure.

A company tax incentive of a greater than 100% deduction for the use of rail or shipping for goods movements to be introduced.

The introduction of a city based levy system via council rates to provide income for public transport and allowing the removal of charges to use public transport in those areas covered by the levy.

Public vehicle efficiency standards should be set by 2010 with a progressive increase of 3% per annum.

Just Transitions & Green Jobs

We recommend the following policies:

That a fund is established to assist those communities and affected workers of industries impacted by climate change and related emission reduction policies be offered assistance with retraining and adaptation to the new low carbon economy.

The Social and economic impacts of climate change and climate change policy will be disproportionately greater on low income households. Revenues raised by any CPRS or Carbon Tax should be preferentially targeted at assisting low income people transition to low carbon economy

via energy efficiency retrofits, increased access to public and low emissions intensive transport and provision of new public housing

Other Policies:

We recommend the following policies:

The introduction of a greater than 100% company tax deduction for the usage of accredited green power by businesses by 2010

That State and Federal Government's must carry out a 'greenhouse impact statement' before any Act, regulation or statutory instrument is made, and report on this process annually.

Including in the Environmental Protection and Biodiversity Conservation Act 1999 a 'greenhouse trigger'. This law, the Environmental Protection and Biodiversity Conservation Act 1999, should ensure that projects having an adverse impact on the climate system are assessed and approved by the Commonwealth Government. Projects to be assessed include the expansion of an existing coal mine, and a change in land use or land clearing which results in emissions of more than 125,000 tonnes of greenhouse gases.

(d) an appropriate mechanism for determining what a fair and equitable contribution to the global emission reduction effort would be;

We believe a just method of determining a fair and equitable reduction effort would include:

- Developed nations taking responsibility for their past emissions and the amount of CO2 they have contributed towards global warming- this historical debt then being the amount these nations must draw out of the atmosphere.
- A contracture and convergence model be used aiming at a global CO2 level of 350ppm or less, needed to return to a safe climate based on a per capita convergence at 2030. Details of such a policy are available at the Global Commons Institute see <http://www.gci.org.uk/>

CONCLUSION

In closing we note that our Prime Minister has called climate change the defining issue of our generation and we have a moral responsibility to take this challenge seriously. We wish to take up that challenge and look forward to the Senate tabling policies that will enable us to do so.