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Senate Select Committee on Climate Policy
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ICLEI Oceania – Submission to senate enquiry on Climate Policy

ICLEI Oceania welcomes the opportunity to provide a submission to the senate enquiry on climate policy. For any questions regarding this submission please contact: Wayne Wescott.

Key messages:

- ICLEI believes that climate change poses a significant danger to our society and environment and that action to cut our greenhouse gas emissions and our reliance on fossil fuels is essential.
- ICLEI supports the introduction of an emissions trading scheme given the urgency of establishing a broad-based mechanism to reduce emissions and the substantial work already done on developing a scheme for Australia.
- Any emissions trading scheme should be supported by robust complementary measures in areas such as energy efficiency, renewable energy, and transport to drive emission reduction and economic transformation towards a low-carbon economy, where a carbon price alone will not.
- The emissions trading scheme should ensure that continuing voluntary measures are not undermined.
- The Carbon Pollution Reduction Scheme as currently proposed has a number of significant shortcomings, which should be addressed before being enacted into law.

Introduction

ICLEI's mission is to build and support a movement of local councils to achieve tangible improvements in environmental conditions through the cumulative impact of local action. ICLEI's growing membership is comprised of 1063 cities, towns, counties and their associations, in 66 countries worldwide. In Australia, ICLEI's Cities for Climate Protection (CCP) Australia program is delivered through collaboration between ICLEI Oceania and the Australian Government. The core of the program is a strategic milestone framework that empowers councils to make an inventory of their greenhouse gas emissions, set reduction goals, plan and implement actions, and monitor their progress over time.

Since 1997, Australian cities, towns and shires have abated 18 million tonnes of CO₂-e, invested \$203 million in actions and saved \$95 million through reduced energy costs. As of April 2009, 240 councils across Australia (representing around 84% of the Australian population) are responding to climate change through their participation in ICLEI Oceania's CCP program.

While local government has and will continue to play a role in greenhouse gas reduction efforts, a robust and comprehensive national climate policy is essential for ensuring reduction efforts are commensurate with the level of action indicated by climate science.

In responding to the terms of reference of the senate enquiry, this submission addresses (a) the role of emissions trading as the central policy to reduce Australia's carbon pollution, (b) the role of complementary measures in achieving emission reduction target', and (c) the effectiveness of the proposed Carbon Pollution Reduction Scheme as Australia's central mechanism to reduce greenhouse gas emissions.

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

It is in the interests of councils and communities around the country that potential impacts of climate change to which we are not already committed are averted and avoided. This implies a need for policy measures to be consistent with latest science regarding mitigation efforts required and for Australia to play a role in ensuring global negotiations result in outcomes that will ensure dangerous climate change is avoided.

With Australia's emissions forecast to increase by around 33% between 2006 and 2020 under a business-as-usual scenario, and global emissions tracking beyond IPCC's worse case scenarios, it is clear that mechanisms are required to rapidly constrain and indeed reduce national emissions. Furthermore, for emission reductions to become sustainable, they must be achieved through a strategic transition to a low-carbon society.

A national emissions trading scheme (ETS) is one means by which the Federal Government can reduce greenhouse gas emissions and an appropriately designed scheme accompanied by complementary measures can play a significant role in contributing to global mitigation efforts and transitioning the economy to a low-carbon future. ICLEI supports the introduction of an emissions trading scheme given the urgency of establishing a broad-based scheme to reduce emissions and the substantial work already done on developing an ETS for Australia.

(b) Relative contributions to overall emission reduction targets from complementary measures

While market-based mechanisms are one way of driving emissions reduction across a number of sectors, they do not address all emission reductions. Therefore, complementary measures are essential components of any robust carbon reduction framework. Measures such as energy efficiency upgrades, support for renewable energy, large-scale investment in public transport, better planning for our cities, and research and development into climate change technologies and solutions are urgently required.

Local governments are valuable parties for delivering appropriate complementary measures at the local level, both through their close connection with their communities and through their responsibility and involvement in local planning and infrastructure. These complementary measures include:

- Assistance with energy efficiency upgrades to vulnerable or disadvantaged residents
- Establishment and enforcement of high minimum energy efficiency standards for buildings
- Coordination and implementation of alternative local transport solutions, including public transport, cycle-ways and walk-ways
- Promotion of uptake of small-scale renewables, such as solar panels and solar hot water systems, and development of local distributed energy systems
- Development and implementation of new planning laws and regulations that support councils potential work in promoting the smart use of strategic and statutory planning powers in relation to development sites (both density and position), siting of community facilities and the accompanying management systems for waste, transport, open space management and hard infrastructure would be of benefit.

It is critical that these voluntary actions are measured in clear systematic ways, such as ICLEI's Cities for Climate Protection.

(c) Emissions trading and the proposed Carbon Pollution Reduction Scheme

While ICLEI Oceania has indicated above its in-principle support for an emissions trading scheme, we believe the currently proposed design of the Carbon Pollution Reduction Scheme should be strengthened in order to effectively and efficiently reduce emissions and drive a transition to a long-term sustainable future. The elements that we believe undermine the effectiveness of the scheme are the low emission reduction targets, the free allocation of permits, significant compensation for large polluters, unlimited tradability of international permits and the undermining of voluntary action.

Targets

It is essential that the Carbon Pollution Reduction Scheme is underpinned by strong national emission reduction targets, there are several reasons for this:

- Ensuring that emission reductions are commensurate with scientific advice on what is required to avoid dangerous climate change: In 2007, the IPCC indicated that developed countries would need to reduce their emissions by between 25% and 40% below 1990 levels by 2020 if global greenhouse gas concentrations are to be kept below 450 ppm. Leading climate scientists have recently indicated that the rate of emissions has increased in the past decade and cuts need to be deeper and faster if we are to avert dangerous climate change.
- Leading the way to strong global agreements on emission reductions in Copenhagen
- Driving the carbon price high enough to drive real transformations towards low emissions technologies

Permit allocation and compensation

Issuing free permits to high-emissions industries is unlikely to encourage these industries to shift towards or adapt to a low-carbon future. Any assistance to these industries should be towards reducing their reliance on carbon: for example through the development of new renewable energy supplies.

Unlimited tradability of international permits

Under the Scheme currently proposed, there is no guarantee that Australia's gross national emissions will fall initially after the Scheme is introduced. Unlimited tradability of international permits into Australia's Scheme means that emissions reduction obligations of direct Scheme participants can be met in full by purchasing offshore abatement. While the Australian government has a role to play in promoting overseas abatement, a scheme which does not also ensure a reversal of Australia's emissions trajectory, will struggle to promote the transition to a low-carbon economy.

Recognition of voluntary action

Some councils that have been acting to reduce their greenhouse emissions over recent years are now asking:

- *Does it still make sense to take action to manage and reduce our councils' emissions? Our communities' emissions?*
- *How does this change the business case for the different types of actions?*
- *How can we take action that does reduce Australia's emissions beyond the target announced by the Australian Government?*

ICLEI Oceania contends that the case for *well-considered* and *effective* local and regional action on climate change is *stronger than ever*.

We contend that the continued investment of well-targeted human and financial resources is justified because it:

- reduces our demand for (and reliance on) fossil fuels
- reduces our spending on emissions-intensive electricity and fuel (and our exposure to anticipated price rises caused by the flow through of a price on carbon)
- increases the demand for low-carbon goods and services
- enables councils to acknowledge and integrate long-term thinking about both climate change mitigation and adaptation across council operations, planning and decision-making
- engages our communities in the fight for a safe climate, as a foundation for a transition to a more sustainable society
- recognises and demonstrates the unique role that local governments can play in fostering innovative and place-based approaches to sustainable community development
- backs up our advocacy of national and science-based reduction targets.

The obvious alternative to ongoing action and advocacy – being to sit back and simply ‘pay to pollute’ through the increased price for goods and services – seems short-sighted and counter-productive to our long-term wellbeing.

As before, councils (and individuals) need to apply long-term thinking and leadership when determining climate change strategies appropriate to their local context.

In light of the CPRS, ICLEI Oceania continues to recommend councils consider and apply the action ‘hierarchy’ relating to emissions reduction strategies:

1. avoid unnecessary energy use
2. invest in energy efficiency
3. increase renewable energy generation
4. purchase of credible offsets.

All these actions can reduce our carbon footprint at the ‘entity level’ **and** have potential to deliver a wide range of organisational and community benefits.¹

ICLEI Oceania strongly believes that the national mitigation framework should retain and build the engagement and involvement of ‘indirect’ Scheme participants (such as councils, much of the business sector and the community generally) in taking action to reduce Australian (and global) greenhouse gas emissions. This community-wide engagement – in particular through local governments - is critical to building the long-term sustainability of our local communities and economies.

Yours sincerely



Wayne Wescott
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¹ Beyond direct energy management via the actions hierarchy, councils will continue to impact on their communities long-term sustainability and emissions through effective waste management, and application of sustainable/active transport and urban-planning levers.