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## SENATE SELECT COMMITTEE ON CLIMATE CHANGE

### ABOUT CVGA AND ITS REGION

The Central Victorian Greenhouse Alliance (CVGA) was established in 2000 and consists of 14 Local Governments<sup>1</sup> covering 20% of Victoria and eight business, government and community organisations<sup>2</sup>.

CVGA's projects include highly successful behaviour change programs and the development of services to help reduce greenhouse gas emissions. The CVGA was the lead in the Central Victoria Solar City project, funded by the Department of Environment, Water, Heritage and the Arts.

CVGA's region has been severely impacted by the drought, extreme temperatures and fires. The impact on farmers' incomes and the flow on effects on the local businesses are already being felt, as is documented in the Birchip Cropping Group report – *Critical Breaking Point?*<sup>3</sup> Research on the water availability for this region in the Murray has been researched by the CSIRO<sup>4</sup> and the news is grim. Recent fires have directly impacted on 4 of our local government members and used the resources of most.

It is also a region rich in potential energy (solar, wind, biogeneration) and innovation and resilience. For example there are 13 local action climate groups within the CVGA region which work within their communities on energy efficiency and renewable energy projects.

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<sup>1</sup> Buloke Shire, Campaspe Shire Council, Central Goldfields Shire, City of Ballarat, City of Greater Bendigo, Gannawarra Shire, Hepburn Shire, , Loddon Shire, Macedon Ranges Shire, Mount Alexander Shire, Northern Grampians Shire, Pyrenees Shire, Rural City of Ararat, Swan Hill Rural City Council.

<sup>2</sup> Bendigo Access Employment, Bendigo Bank, Bendigo Health Care Group, La Trobe University, North Central CMA, Origin Energy, University of Ballarat, Birchip Cropping Group,

<sup>3</sup> [http://www.bcg.org.au/cb\\_pages/news/Critical\\_Breaking\\_Point.php](http://www.bcg.org.au/cb_pages/news/Critical_Breaking_Point.php).

<sup>4</sup> <http://www.csiro.au/resources/WaterAvailabilityInMurray-DarlingBasinMDBSY.html>

It is even richer in community action groups. At last count there were 17 groups working hard to improve their energy efficiency, to increase the uptake of renewable energy and to build resilience in many ways in communities that are potentially facing a bleak future.

## ABOUT GREENHOUSE ALLIANCES

The CVGA is one of seven greenhouse alliances in Victoria. Alliances bring together local governments and appropriate partners to develop and implement regional programs for climate change mitigation and adaptation. They work across many sectors within their communities, they each have a range of innovative and successful projects underway and they are effective and efficient vehicles for regional action.

## RESPONSE TO THE TERMS OF REFERENCE

- 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;

CVGA believes that the fundamental to Australia's long term security in a low carbon economy is to move it from its reliance on coal to other sources of energy that are renewable. A CPRS could be a tool that could begin such a transfer but as it is being proposed it has significantly undermined any pricing signals to help the Australian economy adapt and adjust. A low target of 5% to begin with is enough concession to businesses that are currently reliant on coal energy and other fossil fuels. It would give them a soft start to the scheme. The free permits proposed by the current scheme undermines any incentive to adjust. The capacity for businesses to offset by using overseas offsetting programs in effect means that money that could be used for research and adjustment flows out of the country. It is probably cheaper for businesses to pay for offsetting rather than begin to adjust.

The benefit of the coal industry has been overstated and the benefits of renewable energy understated. We are in the position of supporting the typewriter industry to build the next and best typewriter while Steve Jobs and Bill Gate are building home computers and are about to change the market and the world. The CPRS as designed is there to support old industries to continue unchanged rather than to help us transform our economy.

The result of the "fiddles" with the CPRS to appease powerful groups is that it will in effect be much more expensive for them to adjust as the increasing speed of climate change makes rapid adjustment an imperative.

- 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;

A great deal of innovation is needed for us to undertake the great transformation of our economy and society. Therefore, the question to ask is not where the relative contributions towards overall emissions will come from, especially in the short term, but where the innovation for the long term is likely to come from.

Experience of other countries on such things as feed in tariffs has shown that given a reasonable incentive communities, small businesses and organisations will leap at the chance to develop and adopt local solutions. These become networked through various mechanisms, and through these networks other innovations are developed.

An example of this is the soon-to-be-abolished \$8000 rebate for solar PVs. In this region this rebate has led to many groups setting up bulk buying schemes. The impact of these bulk buying schemes has been far beyond the actual emissions reductions. Communities have come together on a positive action and have discovered other positive things they can do together. It has led to far more resilient communities.

We need to engage in different thinking to bring the level of innovation needed to reality. Governance structures in the past have been:

1. Hierarchical and controlling and regulatory, which was then overtaken by (unless one has a grant from a government department in which case control still rules):
2. Market rules almost unhindered, which has failed, and
3. We are now looking at an awkward mixture of the two.

However, there are other ways of doing business – through networks, for example, and through setting up loose frameworks and allowing “customers” to innovate within that framework. This is how Google has managed to become so good at what it does.

The complementary measures should be framed to encourage the maximum amount of small scale and large scale innovation. Government’s role in this is to identify barriers and help find solutions. For example, the grid system in Victoria and probably elsewhere throughout the country needs significant upgrading to enable the installation of more renewable energy. Government’s role is NOT to devise strangling and poor complementary practices such as the principles for a feed in tariff devised by COAG. Nor is its role to develop a CPRS that in effect discounts the efforts made by groups and individuals outside the CPRS scheme. This has the potential to strangle innovation.

Governments need to be on an emergency footing as they were during the Victorian fires. During that sad event governments became fleet of foot and made changes as needed based on what was happening on the ground. Policy was formulated according to on the ground experience, experienced by many from a great many backgrounds. A similar fleetness of foot and exploitation of multi-disciplinary and networked teams is required to help create an innovative environment.

- 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 CPRS as designed appears to be an attempt to delay the restructuring of Australia’s economy until so called “clean coal” is able to be developed. It provides little incentive for large industry to restructure. This is a very risky strategy and one that undermines new low carbon innovative businesses. As structured, it is not effective in reducing our greenhouse gas emissions nor in encouraging new industries better fitted to the new economy.

The proposed targets, especially the 2020 target, bear little relation to what science is telling us. CVGA’s region is probably at the forefront of climate change impacts in Australia. No matter how well the world responds to climate change now, the locked in changes, and the frightening scenario that we have reached a major tipping

point with the increasing release of methane from the melting permafrosts in the arctic regions, means that we will have to do some serious adapting. Perhaps if the government authorities came together and planned real adaptation for this region, in a multi-disciplinary, emergency footing type of governance, then some seriousness would be brought to bear on setting safe climate targets. As it is, the \$500k Local Adaptation Pathways Program will provide about 4 grants throughout Australia to help local governments adapt.

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

CVGA supports Prof Garnaut's original design for a CPRS.

- 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 additionality issues; and

As noted above, the scheme as designed is unlikely to lead to the needed restructuring of our industries nor support the needed innovation.

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