

# Australian Democrats Minority Report

The energy efficiency opportunity program was foreshadowed in the Government's 2004 energy white paper *Securing Australia's energy future*. The Australian Democrats welcome the introduction of the program and are pleased that the Government is moving to address Greenhouse issues, but we remain disappointed that business will not be required in any way to implement any measure identified in their assessment report.

Australia remains the highest per capita greenhouse emitters in the developed world. As noted in the senate committee report chaired by the Australian Democrats, *Lurching Forward, Looking Back*, if Australia is to contribute effectively to minimising global warming and regain credibility on the matter in international forums, the Government must mandate rigorous and demonstrable benchmarks for the reduction of greenhouse emissions. This Bill fails that test.

The Australian Democrats are also concerned that the Bill relies on a large number of unspecified regulations and the lack of safeguards regarding the exercise of power under Part 8, a brief discussion of these issues will follow. The report will conclude with a brief reexamination of the problems with the Government's Energy White paper and the need for the Government to be doing a lot more to head off an economic, social and environmental crisis.

## Regulations

As noted by the Australian Industry Greenhouse network (AIGN) the Bill provides for the enactment of unspecified regulations, and potentially for unspecified and unlimited additions to the regulations in the future. The AIGN argued that this unfettered opportunity for regulation is unreasonable, particularly as only sketchy information has been provided as to the likely details of those regulations.

The Australian Democrats support the AIGNs concerns and question why regulations had not been developed in conjunction with the legislation and are not available for scrutiny by industry and the parliament. The Democrats would urge the Government to delay the passage of the Bill until regulations have been drafted and appropriate consultation and scrutiny has occurred or as the majority report recommends at (i), include this information in the Statute itself.

## Enforcement Powers

The Australian Democrats are concerned with a lack of safeguards covering the exercise of power under Part 8 of the Bill. Substantial powers are given to authorised officers under the powers of inspection in Part 8 of the Bill, a failure by occupiers of premises to comply with these powers can result in substantial fines or even imprisonments. As the Bills digest notes, while Part 8 generally includes safeguards covering the exercise of the powers there are some critical areas that have failed to

provide adequate safeguards to protect rights. Concerns were also raised in several submissions.

For example, The Bills digest notes that with respect to the person “qualified officer” that has the power to exercise Part 8 there is no guidance is given on what constitutes suitable qualifications. The Democrats believe such guidelines should be given.

The Bills digest also notes when entering a premise that there is no obligation to tell the occupier that they may withdraw consent after entry – this contrasts with other legislation – for example subsection 49(2) of the *Water Efficiency Labelling and Standards Act 2005*.

Again the Bills digest notes that there is no requirement on the part of the authorized officer to warn a person about the penalty for non-compliance, or to inform a person that they are excused from complying under the self-incrimination provisions.

The Australian Democrats urge the Government to amend the Bill to introduce greater safeguards with respect to exercise of power under Part 8. To this end the Democrats support the majority report recommendations (iii) and (iv)

### **Implementation is Critical**

The Bills digest notes that "the Warren Centre study found that total energy consumption for Australia is 3000 petajoules per annum and is estimated to cost A\$40 billion annually. Industrial energy consumption is 40%, giving an energy bill of A\$16 billion per year. Although many firms now achieve impressive economic returns by using energy more efficiently, numerous studies continue to uncover significant potential. Experience in Australia and overseas has demonstrated that it is possible to save 10 to 15 % of this over a 5 year program. This would result in reduced costs of up to A\$2 billion annually, strengthening Australian industry and making it more competitive in world markets."

Given that this Bill focuses on assessment and there is no requirement to implement measures identified in the assessment there is no guarantee that Australia will achieve such targets.

The Australian Democrats note that the Victorian Government has conducted a program for Greenhouse Gas Emission and Energy Efficiency in Industry. Unlike the Energy Efficiency Opportunity program, the Victorian program requires certain operations that operate under the Victorian Environment Protection Agency (EPA) statutory approvals, to examine and implement measures to improve energy efficiency and reduce Greenhouse gas emissions.

According to the Bills digest, it is anticipated that Victorian companies will achieve greenhouse gas emission reductions of approximately 1.15 million tones of carbon dioxide annually. In this program, existing EPA license holders are required to report annual energy usage and associated GHG emissions and to undertake an energy audit, if usage and emissions are above threshold values.

It seems odd that the Government would require business to undergo a cost based exercise to identify potential measures to improve energy efficiency and then not have some expectation that these businesses should implement them. Even the Energy Users Association (EUA), who in their submission opposed legislative non-commercial obligations on large users, recognised that implementation is critical and suggested that an incentive should be provided to implement opportunities identified in the EEO.

The EUA noted that the New South Wales Government recently provided grants to fund energy saving projects to the total of \$40 million per annum over 5 years, but argued for a subsidy to be provided via consolidated revenue rather than a grants based system.

The Australian Democrats are not averse to subsidies to encourage energy efficiency, but would question the need for it when studies have shown that energy efficiency measures in the long-term provide substantial savings to business (as noted above).

One viable approach the Government could take is to require the business and the Australian Greenhouse Office to reach an agreement on individual binding targets as a way to ensure that measures were introduced. Individual binding agreements would provide the flexibility to take into account business circumstances.

### **Energy white paper and Lurching Forward, Looking Back**

The Democrat chaired senate report *Lurching Forward, Looking Back*, which examined the budgetary and environmental implications of the Government's Energy White Paper (EWP) found that the plan outlined in the EWP did not go far enough and lacks a viable time-frame for success; the failure in this Bill to require business to implement measures is an example of how the Governments EWP plan fails.

The report found that the EWP did not contain effective planning for the future needs of the Australian community in energy supply, greenhouse gas emission reductions or alternative renewable energy development. Specifically the report argued that energy related emissions are increasing at an alarming rate, yet there are no expressed policies in the EWP that will address this issue and rein in emissions.

*Lurching Forward, Looking Back* made several recommendations to the Government to do more to deliver a cleaner energy future, it is worth briefly revisiting and reinforcing the recommendations here.

- Recommendation 1 – The Committee recommends that the Government, in consultation with energy interest groups and the energy industry, develop a detailed long-term strategy that includes specific CO<sub>2</sub> emissions reduction targets for 2010, 2020 and 2030, with the ultimate goal of reducing greenhouse gas emissions by at least 60% by 2050.
- Recommendation 2 – The Committee recommends that the Government set abatement timeframes and raise the abatement targets for projects seeking funding through the Low-Emissions Technology Development Fund.

- Recommendation 3 – The Committee recommends that the Government:
  - (i) recognise that geosequestration is one of many options for reducing Australia's CO<sub>2</sub> emissions; and ensure that the greater proportion of the Low Emissions Technology Fund is made available to technologies which can provide emission reductions in the short term;
  - (ii) fund only cost and abatement effective research and development on the basis of the principle that the polluter pays; and
  - (iii) extend the life of the Low Emissions Technology Fund to cover the timeframe set out for emissions reductions targets, namely a reduction of at least 60% by 2050.
- Recommendation 4 – The Committee recommends that the Government provide incentives to encourage the uptake of current energy efficiencies, such as by adopting the NSW BASIX energy efficiency scheme on a national basis.
- Recommendation 5 – The Committee recommends that the Government continue to fund the Photovoltaic Rebate Programme (PVRP), and set targets for the installation of stand alone (RAPS) Photovoltaic (PV) energy systems and for grid-connected PV energy systems.
- Recommendation 6 – The Committee recommends that the Government re-examine the projected costs of increasing the MRET to at least 5% by 2010, to 10% by 2020, and 50% by 2050, and if it is not prepared to do this, provide infrastructure grants for renewable energy developments.
- Recommendation 7 – The Committee recommends that the Government not proceed with the proposed reductions in excise on diesel and petrol in the EWP, unless the decision to impose excise on biofuels and gaseous fuels by 2012 is reversed.
- Recommendation 8 – The Committee recommends that the Government develop a more comprehensive policy framework that will set stronger market incentives to invest in energy efficiencies and mandate standards for CO<sub>2</sub> abatement with specific, quantifiable and meaningful targets.
- Recommendation 9 – The Committee recommends that the Government move to review its own operations in order to achieve maximum energy efficiencies and CO<sub>2</sub> abatement prior to 2010.
- Recommendation 10 – The Committee recommends that the Government introduce a carbon trading scheme, or at least provide support for the states' carbon trading scheme, and mandate maximum levels of carbon emissions for Australia, according to diminishing benchmarks towards the goal of 60% by 2050.
- Recommendation 11 – The Committee recommends that the Government reconsider the benefits of a carbon tax as a tool to reduce carbon emissions in the industrial sector.

The Democrats also point to 32 recommendations in the House of Representatives Standing Committee on Environment and Heritage *Sustainable Cities* report, which included initiatives around building design and management; sustainable and alternative transport; energy; and water.

In conclusion, the report *Lurching Forward, Looking Back* argued that if adopted as it stands, the EWP is a blueprint for delay in reducing Australia's greenhouse gas emissions and will be directly responsible for the high cost to future generations of Australians - environmentally and economically. We urge the Government to act.

**Senator Lyn Allison**

**Australian Democrats**

