



Review of Climate Change Policies

Submission

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Contents

1.0	About us	4
2.0	WALGA's submission	4
3.0	General recommendations	4
4.0	Climate Change and Local Government	5
5.0	Adaptation absent from Discussion Paper	6
6.0	Local Government access to climate change mitigation programs and funding	7
7.0	Effect of the safeguard mechanism on emissions reductions.....	9
8.0	Conclusion	10

1.0 About us

The Western Australian Local Government Association (WALGA) is the peak industry body for Local Government in Western Australia. WALGA is an independent, membership-based organisation representing and supporting the work and interests of 138 Local Governments in Western Australia.

WALGA provides an essential voice for approximately 1,220 Elected Members and approximately 14,500 Local Government employees as well as over 2.5 million constituents of Local Governments in Western Australia. WALGA also provides professional advice and offers services that provide financial benefits to the Local Governments and the communities they serve.

2.0 WALGA's submission

Due to the timeframe of the consultation period, the comments contained in this submission have not yet been considered or endorsed by WALGA's State Council. Please be advised that as such this is an interim submission. WALGA reserves the right to modify or withdraw the comments as directed by State Council.

WALGA does not consider that the *Review of Climate Change Policies Discussion Paper* (the Paper) adequately addresses the review's Terms of Reference. For example, the Discussion Paper notes that emissions are generated from a range of activities across different sectors of the Australian economy and that each sector has opportunities and challenges in reducing emissions, but it does not attempt to identify the opportunities and challenges associated with reducing emissions for individual sectors. Nor does the Paper demonstrate how Australia will achieve the 2030 emissions reduction target or, just as importantly, effectively adapt to climate change.

As a consequence this submission is not focussed on the specific questions posed throughout the Paper. Rather, it seeks to highlight Western Australian Local Governments' key concerns, opportunities and challenges in relation to climate change mitigation and adaptation action and the impact of current climate policies upon Western Australian Local Governments.

3.0 General recommendations

It is suggested that the Australian Government consider the following in the development of policy that will assist in achieving the target of reducing emissions by 26 to 28 per cent below 2005 levels by 2030 and to build resilience to climate change impacts:

1. consideration of a wide range of policy measures, from regulatory intervention and market-based mechanisms through to voluntary schemes, education and behaviour change programs;
2. introduction of a well-designed and equitable national emissions trading scheme;

3. policies should address all sectors but as a priority, target high intensity emission sectors and industries. This is to maximise return on investment, and to ensure that emissions reductions achieved through other mitigation action (including by Local Governments) are not undermined by increasing emissions in high intensity emissions sectors and industries;
4. cross-sectoral assistance to identify and take advantage of new opportunities for communities and industries that may arise from climate change mitigation action;
5. the development and implementation of effective community engagement policies and programs, including enabling Local Government to support community and business in the transition towards sustainable lifestyles; and
6. support and resourcing of innovation, research and knowledge transfer capacity, such as continuing investment with organisations such as the National Climate Change Adaptation Research Facility (NCCARF) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Relevant research and data is essential to inform Local Government strategies and decision making.

A collaborative cross-sectoral approach involving all levels of government, business and the broader community is essential in reducing emissions and adapting to the impacts of climate change. Local Government has a key role to play in this.

In addition to the above general climate change policy recommendations, we set out below our more specific comments and recommendations in relation to the Paper.

4.0 Climate Change and Local Government

Local Government acknowledges that:

- anthropogenic climate change is occurring, and is committed to preventing it;
- action should be immediate;
- Australia has an obligation to act. Local Government supports this by being committed to meeting obligations set by the other tiers of government;
- mitigation and adaptation is interdisciplinary. Local Government will support its stakeholders (community and business) to transition towards sustainable lifestyles, but must be adequately resourced from the Australian Government to do so;
- mitigation and adaptation strategies must be equitable, locally, nationally and internationally;
- Local Governments will individually determine their priorities and targets, but acknowledge that climate change must be addressed at all levels of their own operations, and
- funds from Commonwealth or State NRM programs should be made available to assist Local Government NRM activities.¹

¹ WALGA *Advocacy Position Statement* at 4.1 Climate Change (available here: <http://www.walga.asn.au/Policy-Advice-and-Advocacy/WALGA-Advocacy-Position-Statements.aspx>).

Local Government recognises that the global climate is changing as a consequence of increased concentrations of greenhouse gas emissions in the atmosphere. Local Government considers climate change to be a serious threat to our current way of life and the Earth's ecosystems and acknowledges that delayed action on climate change mitigation and adaptation strategies will increase costs and potential liabilities to Local Government in a range of areas, particularly planning and infrastructure management and risk management.²

Local Governments have a keen interest in climate change issues, and have been actively engaging in a wide range of climate change mitigation and adaptation actions for a number of years.³

The Local Government Climate Change Declaration⁴ was developed by WALGA and is a voluntary opportunity for Local Governments to demonstrate their political commitment to locally appropriate climate change adaptation and mitigation action. There are currently 40 Western Australian Local Government signatories, representing 65% of the Western Australian population.

5.0 Adaptation absent from Discussion Paper

The Discussion Paper states (in the Introduction, and again under the Terms of Reference) that the purpose of the review is to “ensure policies remain effective in achieving Australia’s 2030 target and Paris Agreement commitments.”⁵ Also noted in the Discussion Paper, the Paris Agreement commitments include a commitment to promoting action to adapt and build resilience to climate impacts. However, the Terms of Reference do not include any consideration of adaptation and building resilience.

This is of particular concern to Local Government, being in many ways at the ‘coal face’ of climate change adaptation. As the closest sphere of Government to the community, Local Governments are expected to manage the impacts of climate change such as reduced rainfall, increased fire risk, increased risk of heat stress in the community and sea level rise that increases the potential for erosion and inundation in coastal and estuarine areas. There is a close relationship between adaptation measures and mitigation measures, given that delayed action on climate change mitigation will lead to increased adaptation costs and potential liabilities to Local Government in a range of areas, particularly planning and infrastructure management and risk management.

² WALGA Policy Statement on Climate Change 2009. Available here: https://walga.asn.au/WalgaWebsite/media/EradMedia/website_climatechange_Policy_Statement_Climate_Change_Feb2016.pdf.

³ See for example WALGA’s *Local Government Climate Change Project Map*: <http://www.walgaclimatechange.com.au/clickable-map.htm>.

⁴ For further information see here: <http://www.walga.asn.au/Policy-Advice-and-Advocacy/Environment/Climate-Change/Climate-Change-Policy-and-Advocacy.aspx>.

⁵ Commonwealth Government, *Review of Climate Change Policies Discussion Paper*, at 4 and 34. Available here: <http://www.environment.gov.au/climate-change/review-climate-change-policies>.

The effects of climate change are already being felt throughout Western Australia, and Local Governments are already devoting significant resources to adaptation planning and response, such as through the expensive and complex process of developing and implementing Coastal Hazard Risk Management and Adaptation Plans (CHRMAP). The CHRMAP's seek to put in place long term planning around risk management and adaptation (e.g., applying an 'adaptation hierarchy' of avoidance, planned or managed retreat, accommodation or protection of assets⁶).

However, additional support and resourcing is needed to adequately address the risks and impacts of climate change, which are already occurring, and will continue into the future. Particularly, support and assistance is required by the smaller, less well-resourced Western Australian Local Governments. The Australian Local Government Association's *Submission to the 2017-18 Budget*⁷ seeks \$100 million over four years, provides practical examples of the type of support needed for Local Governments and notes their modelling shows that this proposal would boost national GDP by as much as \$453 million and create 4,700 new local jobs.

For these reasons, it is recommended that Australian Government's climate change policy does not just relate to mitigation measures, but includes policy around promotion of adaptation and building resilience across Australia, including assistance for Local Governments.

6.0 Local Government access to climate change mitigation programs and funding

In the past, Western Australian Local Governments have been key delivery agents of Australian Government climate change programs policies, such as the Community Energy Efficiency Program (CEEP), the Local Government Energy Efficiency Program (LGEEP) and the Cities for Climate Protection (CCP). Under the CEEP there was one WALGA grant, and 14 individual Local Governments grants; under the LGEEP there was one WALGA and 49 individual Local Government grants.⁸ Under the CCP program, 30 Local Governments committed.⁹

⁶ Western Australian Government (Department of Planning and WA Planning Commission), *Coastal hazard risk management and adaptation planning guidelines* At 28. Available here: https://www.planning.wa.gov.au/dop_pub_pdf/CHRMAP_Guidelines.pdf (Accessed 26 April 2016).

⁷ ALGA, *Submission to the 2017-18 Budget*, at 13-14. Available here: http://alga.asn.au/site/misc/alga/downloads/submissions/2017/Budget_submission_1718.pdf (Accessed 3 May 2017).

⁸ Department of Industry, Innovation and Science, *Grant Recipients – Community Energy Efficiency Program*: <https://industry.gov.au/AboutUs/LegalandLegislativeReporting/Grants/EnergyEfficiency/Pages/GrantsCEEP.aspx> (Accessed 20 April 2017); *Grants Reporting – Energy Efficiency*: <https://industry.gov.au/AboutUs/LegalandLegislativeReporting/Grants/EnergyEfficiency/Pages/default.aspx> (Accessed 20 April 2017).

⁹ Department of the Environment and Energy, *CCP Australia Council Profiles*: <http://www.environment.gov.au/archive/settlements/local/ccp/database.html#walga> (Accessed 3 May 2017).

Program	Program dates	WA Local Government participants
Cities for Climate Protection	1999-2006	30
Local Government Energy Efficiency Program (LGEEP)	2011-2014	50 (includes 1 WALGA grant)
Community Energy Efficiency Program (CEEP)	2011-2016	15 (includes 1 WALGA grant)
Emissions Reduction Fund (ERF)	2014-present	1

Figure: Western Australian Local Government Participants in Federal Climate Change programs

These grants were used to assist Local Governments in undertaking a wide range of building energy efficiency, LED street lighting and geothermal projects.

The Australian Government's climate change policy now offers very little in the way of enabling Local Governments to undertake mitigation action. Of the policies outlined in the Discussion Paper, only the Emissions Reduction Fund (ERF) currently offers the potential for funding of mitigation action by Local Governments. Unfortunately, key features of the ERF hamper participation by Western Australian Local Governments. In particular, the relatively high emissions reduction threshold of 2,000tCO₂-e per year means that only the larger Local Governments (and large projects within those Local Governments) might be eligible to bid in the ERF. To date, only one Western Australian Local Government Project has successfully bid in the ERF; the City of Armadale's landfill gas flaring project.¹⁰

We note that the ERF does make provision for project aggregation, and at the end of 2015 WALGA commissioned a scoping study to consider whether it might be viable for WALGA or a third party to act as a project aggregator, allowing Local Governments to 'pool' emissions reductions projects in order to participate in the ERF. The scoping study identified the following hurdles:

- if projects of different types were aggregated, the auditing and compliance costs would be higher (e.g., five projects under five different project methods would require five compliance reports to be provided to the Clean Energy Regulator);
- when considering the bidding price for the ERF, the aggregator would need an Australian Financial Services Licence (AFSL), or would need to seek external advice from an entity holding an AFSL (an added complication / expense); and
- funding through the ERF would be unlikely to cover any substantial part of the costs of common Local Government projects, and would only really be 'icing on the cake'.

While WALGA has not ruled out the possibility of taking on a role to assist Local Governments to aggregate projects for an ERF bid, given these hurdles this option is not being actively pursued.

¹⁰ Further information viewable here:

<http://www.cleanenergyregulator.gov.au/ERF/Pages/Emissions%20Reduction%20Fund%20project%20and%20contract%20registers/Project%20register/ERF-Project-Detailed-View.aspx?ListId={7F242924-BF02-45EE-A289-1ABCC954E9CE}&ItemID=73> (Accessed 20 April 2017).

There are further mitigation actions that could be implemented at the Local Government Level, such as:

- energy efficient public light retrofits (including lighting on council property such as council buildings, recreation areas etc. and streetlights across Western Australia);
- other building energy efficiency retrofits, and utilisation of geothermal, PV and battery storage; and
- waste facility upgrades such as capture and combustion of landfill gas.

However, the current Australian Government climate change policies do not lend themselves to being utilised by Local Governments. Rather, the ERF emissions reduction threshold, in addition to the costs involved for a Local Government seeking to participate, has resulted in these substantial potential emissions reductions have not being realised.

It is recommended the Australian Government climate change policy settings include measures which can take advantage of the substantial potential emissions reductions that can be achieved by Local Government.

7.0 Effect of the safeguard mechanism on emissions reductions

The policy intention of the safeguard mechanism is to ensure that emissions reductions achieved through mitigation action are not undermined by increasing emissions in other areas. This is consistent with Local Governments' commitment to Climate Change mitigation. However, we are concerned that the particular design of the safeguard mechanism does not effectively protect against this. The baseline exceptions and flexibilities in the safeguard mechanism effectively allow significant emission increases by Australia's largest emitters, undermining emissions reductions achieved throughout Australia (including by Local Governments), and undermining Australia's ability to reach its emissions reduction target.

The range of circumstances in which 'responsible emitters' can increase their emissions baseline essentially allows the heaviest emitters in Australia to continue to increase emissions on a 'business-as-usual' basis. We do recognise that the purpose of the safeguard mechanism is to act as a safety net, rather than as an incentive for heavy emitters to reduce emissions. However, we are concerned that by allowing increased emissions from these large facilities in a wide range of circumstances, those emissions increases could undermine the emissions reductions achieved under the ERF (also undermining taxpayer dollars spent on ERF), together with emissions reductions achieved under other programs and voluntarily.

The wide range of circumstances for seeking an increased baseline means that, in effect, only very modest constraints would be placed upon the CO₂-e emission levels of Australia's most emission heavy industries. We acknowledge that with respect to facilities growing incrementally over time, a responsible emitter would be required to establish emissions intensity improvement, but note that the facilities would still be increasing their CO₂-e emissions. The allowance for an increase in a baseline associated with extraction of

minerals and fossil fuels will allow these facilities to move into extraction of lower grade (higher emission) ores and fuels, leading to increased CO₂e emissions.

It is recommended that the rules under the safeguard mechanism are tightened and that the baselines are reduced.

8.0 Conclusion

In summary, WALGA welcomes the review of the Australian Government's climate change policies to ensure that Australia achieves its 2030 target and meets the commitments of the Paris Agreement.

Western Australian Local Governments and WALGA have been at the forefront of addressing climate change and we believe that a collaborative approach involving all levels of government, key sector stakeholders and the community is essential in reducing emissions and adapting to the impacts of climate change. WALGA also recognises that a balanced and sustainable approach must be taken to reduce emissions, maintain economic growth and build more resilient and adaptive communities and environments.

Strong leadership from the Australian Government is needed to provide effective, consistent and long-term policies along with ambitious emission reduction targets. This leadership, resourcing and support will assist Local Governments to effectively address climate change.

WALGA trusts that this submission will assist in the review of Australian Government's climate change policies.