



AUSTRALIAN
LOCAL GOVERNMENT
ASSOCIATION

**Submission in response to the
Climate Change Authority's
*Updating the Authority's Previous Advice on Meeting
the Paris Agreement*
consultation paper**

August 2019

Australian Local Government Association

The Australian Local Government Association (ALGA) is the national voice of local government in Australia, representing 537 councils across the country. In structure, ALGA is a federation of state and territory local government associations. ALGA was established in 1947 and throughout its history has been closely involved in issues of national significance affecting the local government sector as a whole. ALGA has enjoyed a close, productive working relationship with the Commonwealth Government, illustrated by its current membership (through its President) of the Council of Australian Governments, and a number of other Commonwealth-State Ministerial Councils, which consider different sets of complex policy issues across many sectors of the economy. In addition to its representative role on Commonwealth-State Ministerial forums, ALGA's key functions include participating in policy reviews, providing submissions to and appearing before Federal Parliamentary inquiries, and enhancing opportunities for local government to inform the development of national policies. ALGA's engagement on matters relating to climate change is extensive and includes representation at the Meeting of Environment Ministers. ALGA recognises and appreciates the diverse nature of climate change as an issue as well as the multi-faceted approach required to address it.

ALGA appreciates the opportunity to present a submission responding to the *Updating the Authority's Previous Advice on Meeting the Paris Agreement* consultation paper. The response has been developed in consultation with ALGA's member state and territory local government associations. ALGA's submission does not replace the individual views of its associations and individual councils, some of which may have made separate submissions during the consultation process. As such, the information contained below should be considered as supplementary information.

Local Government and climate change action

In response to the scientific evidence on anthropogenic climate change, local government has for over two decades been actively engaged in programs to reduce carbon emissions from council operations and to implement emissions abatement programs in communities.

Local governments recognise Australia's exceptional vulnerability to the impacts of climate change. Even a 1.5°C increase in warming will impact council assets and services, generate unbudgeted financial impacts and affect the wellbeing of the community, particularly those vulnerable to weather extremes.

Many councils have conducted and continue to initiate climate change adaptation planning. For example, in NSW, more than 80% of councils have undertaken a climate change risk assessment. In South Australia a Climate Change Risk Management Assessment and Adaptation Program has been completed by 63 of 68 Councils. In Queensland, more than half of councils are engaged in programs to build internal local government governance and capability to respond effectively to climate change.

Currently, 30 of the nation's 537 local councils have declared a climate emergency, including the Cities of Melbourne and Sydney: many have pledged to move their chambers and operations to 100 per cent renewable energy.

Prior to the last federal election, ALGA called on the Australian Government to adopt a \$200 million Climate Change Partnership Fund over 4 years, to support community climate change responses.

Previous recommendations by the Climate Change Authority

ALGA acknowledges the important role that the Authority has in providing advice to Government on the policy toolkit required to meet Australia's emissions reduction commitments under the Paris Agreement. ALGA acknowledges that updating this advice is now necessary in light of:

- (1) new assessments of progress towards the Paris Agreement goals and implications for global temperature outcomes; and
- (2) new assessments of the effectiveness and potential of different approaches to reducing emissions.

Many of the previous recommendations made by the Authority remain valid chiefly because they have for the most part not been adopted. Those that remain valid include:

- Implement an emissions intensity scheme or a low emissions target in the electricity sector to provide enhanced investor certainty, ensure reliability and drive net zero emissions by 2050.
- Transition away from Government to private sector purchasing of offsets under the Emissions Reduction Fund.
- Introduce emissions reduction standards for light vehicles.
- Harmonise and enhance waste sector regulation.
- Harmonise Commonwealth and state energy efficiency schemes or implement a National Energy Savings scheme, and update and expand energy efficiency standards for appliances and buildings.
- Innovation support focused on research and development of low emissions technologies and products.

Paris obligations

ALGA is concerned that the Australian Government is not taking sufficient action to meet its Paris obligations. While the Australian Government asserts Australia is on track, the OECD has warned that Australia will not achieve its target unless it intensifies its mitigation efforts.

Australia's emissions have been increasing since 2014, when its carbon pricing system was removed. The latest quarterly emissions data (published in June 2019) show continuing increases. Rather than decrease, emissions are projected to increase through 2030.

Emissions Reduction Fund (ERF)

In 2010 ALGA established its policy position on the need to urgently reduce carbon emissions. ALGA is committed to working with the Government of the day to deliver effective mechanisms to bring down emissions. ALGA was consulted on the design and implementation of the ERF. Through those opportunities, ALGA stressed a number of key concerns, and while some have been addressed, most remain unresolved.

Impediments to participation

In its 2017 submission, ALGA highlighted its concerns about the reverse-auction mechanism outlined to drive the ERF. The intention of the mechanism is to support a competitive auction whereby the greatest emission reduction delivered for the lowest per-tonne price would be the successful bid.

The ERF approach remains a fundamental issue for local government and other non-commercial and small business sectors. Heavy industry, being much less efficient and with greater economic flexibility, has been able to provide bids that other sectors cannot compete with.

The ERF creates significant impediments to participation, not just for local government, but many other sectors. The ERF limits access, reduces the footprint of reduction activities and represents lost opportunities to deliver local reductions.

ALGA recommends the adoption of a market-based mechanism to bring down emissions and that there should be a transition away from Government purchasing of offsets and instead a move to private sector purchasing of offsets.

Energy-efficiency – compliance with residential building energy ratings

In 2017 ALGA called for the inclusion of energy-efficiency in the ERF and was pleased when relevant methodologies were developed to enable the inclusion of such measures. However, embracing these components in a more fulsome way would deliver a greater range of benefits. Energy-efficiency is one of the key methods by which emissions produced by electricity generation, the largest single contributor to Australia's carbon emissions, can be forced down.

Australian households are responsible for well over 10% of emissions and small to medium-sized enterprises around 8%. Local government plays a role in advancing the energy efficiency of buildings. However, under-compliance with building energy efficiency

requirements is widespread across Australia. It is not enough to require participation and disclosure in these schemes.

ALGA recommends that national energy ratings and disclosure schemes ensure fund compliance, in order to guarantee the integrity of such programs. ALGA recommends rating schemes more effectively improve the resilience of building stock.

Energy-efficiency – programs for households and small businesses

Boosting low-scale and household energy-efficiency will also contribute to reductions in household electricity bills and reduce demand on the grid.

The reverse auction mechanism rewarded the previously inefficient, over those already displaying efficient practices. Given the work undertaken on energy-efficiency and waste measures, that meant a considerable number of sectors and specific proven projects were not considered competitive. The built environment sector is also a good example where mitigation and adaptation strategies should be combined to enhance overall outcomes.

ALGA recommends the introduction of greater support for local government and state and territory administered schemes that enhance the energy efficiency of households and small- to medium-sized businesses.

Sectoral approach

In its past submissions on the design of the ERF, ALGA recommended that the fund and its auctions be broken into sectors. This would ensure that smaller and non-commercial entities could participate and that the coverage of the fund would maximise reductions across the economy. The ERF's design, however, implemented a focus on short-term, heavy reductions, at the expense of a longer-term strategic and sectoral approach that would more readily expand the footprint of emissions reduction and support broader reforms and innovation.

An ambitious target under the Paris Agreement needs all sectors of the economy engaged and playing their roles. The ERF currently holds back local government and other smaller-scale and non-commercial sectors from more effective participation. Within local government, particularly in the waste sector, there are multiple projects across the country, which, in isolation might not contribute a great deal, but combined would give a significant boost to those national efforts. It is important to ensure that the footprint of Government programs extends to as wide a range of suitable sectors and communities as possible. It is ALGA's concern that the ERF has operated at the expense of those sectors that engaged positively from an early stage with the challenge of climate change, leading to many lost opportunities.

ALGA remains strongly of the view that a sectoral approach is the only way to expand the footprint of the ERF. ALGA recommends that directing funding to

projects within the community and non-commercial sectors will have a long-term benefit, particularly when the peak of reductions from heavier emitters is reached.

Short-term funding for climate change programs

Councils have been both leaders in local climate change measures as well as early and enthusiastic adopters of new practices and technology. Councils have sought funding or accreditation through a number of Commonwealth programs over the past decade. These programs included:

- Greenhouse Friendly
- The Low Carbon Communities package (including the Local Government Energy Efficiency Program)
- The Carbon Farming Initiative (CFI)

All of these programs involved significant administrative elements that increased local government's internal resource demands. Councils also invested directly in projects that were supported by these programs, or in the case of Greenhouse Friendly, accredited. However, the local government participation rate dropped as each new program was introduced. The key reason for this is a decreased level of confidence about the longevity of these programs. It is clear that local government is interested in playing its role to reduce Australia's emissions, however unless the sector is embraced and stability and security is given, councils will not be able to sufficiently play that role.

It is also important to recognise the crucial role played by local government across a range of climate measures. This is both as a practitioner, undertaking work on behalf of their communities, as well as a facilitator to connect those communities to the best available information to boost knowledge and awareness.

ALGA recommends greater consistency in support for local government programs aimed at reducing emissions at the community level.

Links to climate change adaptation planning and implementation

The Paris Agreement focusses on reducing carbon emissions as well as adaptation and resilience to climate impacts. The two strategies are complementary. However, the Australian Government's current approach neglects adaptation. Managing the impacts and threats of a changing climate cannot be avoided. The scale of that task will very much depend on the work done to reduce emissions as quickly and effectively as possible.

Managing the impacts of a changing climate include addressing threats to valuable coastal and inland infrastructure – such as roads and railways, residential and commercial property and water supplies – due to the increasing risk of sea-level rise, storm-surges and inland flooding from more powerful weather systems.

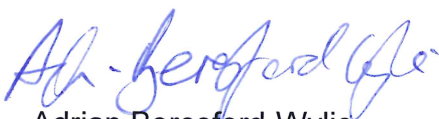
ALGA believes that even if measures to bring down emissions across the economy are effective climate change will still have major impacts and consequences for coastal and non-coastal communities, industries and infrastructures. Funding is required to address these, and this need is likely to grow.

ALGA recommends an integrated approach to mitigation and adaptation policies, which recognizes that local governments are both at the frontline of climate impacts and best placed to engage local planning to address them.

Conclusion

ALGA maintains that carbon emission reductions are best achieved through a market mechanism, rather than financed through public funds. Furthermore, a sector-based approach to emission reductions should be pursued, with energy generation, mining, transport, waste, buildings and agriculture all making a contribution. ALGA also supports policies that promote the use and development of renewable energy, and practices that conserve energy and increase energy efficiency, especially at the local level. Australian Government policies also need to support planning around adapting communities and infrastructure to the impacts of climate change. Shifting policy settings are a particular barrier to creating momentum. Businesses need confidence that emissions reduction policies and the mechanisms to achieve them are consistent with Australia's international commitments, and that they will not change drastically in the short to medium term. Public support for climate change action is strong, and bipartisan agreement on climate policy should reflect this in order that industry, markets and other levels of government can have the confidence to make informed decisions around investment in emissions reductions and managing risks.

Your sincerely



Adrian Beresford-Wylie
Chief Executive

