LOCAL
GOVERNMENT
NSW

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Submissions
Climate Change Authority
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Australia's climate policy options

Local Government NSW (LGNSW) is the peak body for councils in NSW, representing all 152 NSW general-purpose councils and associate members including 12 special-purpose county councils and the NSW Aboriginal Land Council. In essence, LGNSW is the 'sword and shield' of the NSW local government sector.

LGNSW is a credible, professional organisation that represents the views of councils to NSW and Australian Governments; provides industrial relations and specialist services to councils; and promotes NSW councils to the community. LGNSW facilitates the development of an effective community-based system of local government in NSW.

LGNSW welcomes the opportunity to make a submission to the draft report on Australia's climate policy options. Local government has already shown a willingness and enthusiasm to mitigate or reduce their emissions, and the emissions of communities. Over the past two decades local government has actively engaged in programs to reduce greenhouse gas emissions from council operations and also implement community greenhouse gas abatement programs.

Please note that in order to meet the consultation deadline, this submission is provided in draft form in anticipation of the LGNSW Board approval in April 2016. LGNSW will advise the Authority of any amendments to the submission at that time.

Local Government context

Local government is keen see to an effective policy setting to reduce Australia's emissions as part of a global effort to mitigate climate change. Australia is very vulnerable to the impacts of climate change and even a 2°C increase in warming will have severe impacts for local government to manage.

Climate change has the potential to damage council assets, cause serious disruptions to the delivery of council services, generate unbudgeted financial impacts and affect the wellbeing of the community, particularly those vulnerable to weather extremes.

If Australian Governments do not proactively seek to limit the impacts of climate change, then it is increasingly likely that local government resources will be diverted to maintain poorly adapted assets and programs. The more often resources are diverted towards clean up and emergency response activities the less likely a council will be able to meet its service delivery and performance KPIs. NSW local government is prioritising adaptation to avoid the worst impacts, with over 82% of councils having undertaken a climate change risk assessment.

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Principles for assessing policies

LGNSW supports the Authority's proposed principles for assessing policy options of:

1. Cost effectiveness
2. Environmental effectiveness; and
3. Equity.

Additional consideration should also be given to the flexibility of policy options and whether they can be scaled up to meet emission reduction targets. Consideration is also required on acceptability and political viability to evolve from current policy settings and provide certainty of investments.

Policy Options

Local government supports the toolbox approach to reduce carbon emissions across the whole economy.

LGNSW's preference is for a polluter pays market mechanism such as an emissions trading scheme or carbon tax rather than abatement purchased with government funds (e.g. the Emissions Reduction Fund).

The market mechanism should cover all large emitting sectors of the economy including energy generation, mining, transport, waste, buildings and agriculture. However, due to the nature of the various sectors, additional rules may be needed to meet the equity considerations, such as thresholds at which participation is required. Where this is not feasible, other mechanisms such as regulation should be considered.

A market mechanism needs to be supported by a domestic offset scheme. Local government would like to see offsets created by waste diversion, energy efficiency (for non-covered facilities) and forestry projects.

Other mandatory price-based policies may still be appropriate with a market mechanism. The Renewable Energy Target is supported as it achieves emission reductions with minimal cost to rate payers.

Information programs delivered through mass media campaigns are not a highly effective method for driving emission reductions. However, programs that focus on behavioural or technology change may have more success, for example, providing information on energy efficiency ratings at the point of sale; driver education to promote more efficient driving techniques; one-stop-shops for improving energy efficiency and thermal performance of residential housing (a number of NSW councils already do this).

Innovation support in the form of grants or concessions is important to help bring technologies to market. However, innovation is best supported through fundamental long term research that provides the catalyst and knowledge from which many applications can be developed. The recent announcements relating to cuts to climate change science at Commonwealth Scientific and Industrial Research Organisation (CSIRO) concerns local government. It is not enough for councils to know what the average climatic changes will be but to lack credible information about how climate extremes will impact infrastructure, water supplies, communities, the economy etc. Australia needs the capacity to identify the risks to which the nation is exposed in order to develop a strategic response to climate change. This will ensure the adoption of technology and infrastructure is not wasted through flawed investments.

Sector approaches

Local governments run many community facilities and along with the collection of municipal waste and landfill management there are multiple opportunities for abatement. However, one of the best opportunities for large scale, low-cost emissions abatement is upgrading street lighting assets with potential abatement nationally of 635,000 tonnes CO_2eq (Revised Draft National Street Lighting Energy Efficiency Strategy, 2012). Large scale upgrades have not occurred to date due to significant barriers.

While legal responsibility for providing street lighting rests primarily with local government, most street lighting in Australia is owned by 14 public and privately held electricity distribution utilities. This circumstance resulted from the amalgamations of the former county councils by State governments into corporatised utilities in the 1990s. An unfortunate legacy of these amalgamations is that there is no clear basis for the street lighting service in most Australian jurisdictions with no service level agreements, no binding regulations covering street lighting service levels nor clearly defined contestability for street lighting should councils wish to choose another service provider. The main barriers to the rapid deployment of energy efficient lighting in Australia are:

a) Utility reluctance to adopt and widely deploy energy efficient lighting technologies;
b) The lack of a clear governance framework for the street lighting service and, in particular, the inability of most councils to choose an alternative service provider; and
c) High residual asset values placed on the existing assets by the utilities in many areas of Australia (e.g. a huge financial hurdle to overcome before new lights can be installed).

Regulatory reform would be required to achieve large-scale abatement from street lighting. A governance framework is needed for improved service provision of street lighting and a realistic assessment of asset value.

In the waste sector, local government operates 58 out of 73 active landfills in NSW. LGNSW would support a threshold at which landfills would be captured by a carbon pricing mechanism such as the 25,000t CO_2 equivalent threshold of the now repealed *Clean Energy Act 2011.* A low threshold is not supported for the following reasons:

- The formidable cost and resourcing implications for smaller waste facilities to determine their carbon emissions,
- The smaller end of the waste facility sector is the most ill equipped and under resourced to undertake these calculations,
- The arguably miniscule gains and impact that a reduced threshold would deliver on the total carbon emissions from the waste sector and from Australia in total.

Smaller landfill sites could still achieve abatement through a domestic offset program that supported innovative approaches such as waste diversion or energy to waste programs that limit the amount of waste ending up in landfill.

Conclusion

LGNSW's position on reducing greenhouse gas emissions is that this is best achieved through a polluter pays market mechanism rather than financed through limited public funds. Measures to reduce emissions should come from all sectors of the economy including energy generation, mining, transport, waste, buildings and agriculture. LGNSW also supports policies that promote the use and further development of renewable energy; and practices that conserve energy and/or increase energy efficiency. Complementary policies also need to focus on adapting to the impacts of climate change.

Local government plays a key role in preparing for climate change by adopting policies and practices in relation to climate change mitigation and adaptation, targeting both council operations and services to the community. Local government also plays a role in community capacity building and awareness raising. LGNSW calls on other spheres of government to continue to work with and support councils to reduce the risk of climate change impacts on the community.

Yours sincerely

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