

12 September 2012

Submissions
Climate Change Authority
GPO Box 1944
MELBOURNE VIC 3001



Dear Sir/Madam

RE: RENEWABLE ENERGY TARGET REVIEW ISSUES PAPER

The National Farmers' Federation (NFF) welcomes the opportunity to make a submission on the above Issues Paper.

The NFF represents the interests of Australian agriculture, including its value chain. The significant recent increases in the cost of electricity across Australia is resulting in increased cost pressures for agricultural farm businesses, particularly for irrigation water supply, grain drying and the processing sector. As Australian farmers are cost "takers", there is little ability for them to pass on these additional costs. Therefore, the increased costs add to the declining terms of trade for agriculture.

The Council of Australian Government's (COAG) has prioritised a review of Government climate change programs to consider whether they are complementary to a carbon price, are effective and efficient and do not impose duplicative reporting requirements. NFF supports this review.

Furthermore, the Productivity Commission has recently released a report on COAG's Regulatory and Competition Reform Agenda: A high-level assessment of the gains¹. The Productivity Commission has made it very clear that the introduction of the carbon price on 1 July 2012 means that a significant number of existing Government programs aimed at reducing greenhouse gas emissions and/or improve energy efficiency impose material costs to the community with little or no benefit.

The Productivity Commission suggests that around 230 policies can be broadly divided into three groups:

- Those that deliver abatement in addition to the carbon price but at a higher cost;
- Those that deliver no additional abatement, but change the mix of abatement and impose considerable costs; and
- Those that are complementary to the carbon price.

The Productivity Commission advises that the most significant COAG Regulatory and Competition reforms would be gained by terminating schemes such as:

- Renewable energy targets;
- Feed in tariffs;
- Support for low emissions technology demonstration plants;
- Mandating minimum energy performance standards for products;
- Subsidies, incentives or mandates for investment in energy efficiency;
- Energy efficiency reporting schemes;
- Requirements for reporting energy use and energy efficiency opportunities.

The Productivity Commission notes that nine policies increase electricity prices by 1-2%, whereas NSW IPART estimated that the impact was of the order of 7%.

The NFF supports the termination or immediate phase out of those policies that lead to increased costs with little benefits as identified by the Productivity Commission, as this will reduce the cost price pressures on electricity supply.

The NFF urges the Climate Change Authority to consider this in the review of the Renewable Energy Target – particularly as the Productivity Commission identified this as one policy to be terminated.

Should you require further information, please contact Deborah Kerr, Manager – Natural Resource Management at the NFF office on [REDACTED].

Yours sincerely

A handwritten signature in black ink, appearing to read "Matt Linnegar".

MATT LINNEGAR
Chief Executive Officer

¹ <http://pc.gov.au/research/commission/regulatory-competition-reform>