

**ORDINARY MEETING OF COUNCIL
27 APRIL 2009**

ORDERS OF THE DAY

ORDER 5	CARBON POLLUTION REDUCTION SCHEME - SUBMISSION AND ADVOCACY STRATEGY
EXECUTIVE DIRECTOR:	GEOFF OULTON, EXECUTIVE DIRECTOR COMMUNITY DEVELOPMENT AND PLANNING
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FILE NO.:	
ATTACHMENTS:	1. SUBMISSION TO DEPARTMENT OF CLIMATE CHANGE INTO THE EXPOSURE DRAFT LEGISLATION OF THE CARBON POLLUTION REDUCTION SCHEME 2. SUBMISSION TO SENATE SELECT COMMITTEE ON CLIMATE POLICY (CONFIDENTIAL) 3. CARBON POLLUTION REDUCTION SCHEME - ADVOCACY STRATEGY

1. PURPOSE

- 1.1. This report presents two actions for Council to consider:
- Formal and public endorsement of Council's submission on the Carbon Pollution Reduction Scheme – respectively to the *Senate Select Committee on Climate Change Policy* on 8 April 2009, and to the *exposure draft legislation on the Carbon Pollution Reduction Scheme* (federal Department of Climate Change) on 14 April 2009 – see Attachments 1 and 2.
 - Council's advocacy strategy to the federal government on recommended modifications to the Carbon Pollution Reduction Scheme – see Attachment 3.

2. RECOMMENDATION

That Council resolves to:

- 2.1. Endorse the submission to the Department of Climate Change in relation to the Carbon Pollution Reduction Scheme Exposure Draft Legislation, as detailed in Attachment 1,
- 2.2. Endorse the submission to the Senate Select Committee on Climate Change Policy as detailed in Attachment 2,

- 2.3. Endorse and action the Carbon Pollution Reduction Scheme - Advocacy Strategy that provides recommendations and options for Council to lobby the federal government in seeking modifications to the Carbon Pollution Reduction Scheme as detailed in Attachment 3,
- 2.4. Inform the Port Phillip community of Council's concerns and the actions being taken to seek modifications to the Carbon Pollution Reduction Scheme via website and media release.

3. BACKGROUND AND CONTEXT

- 3.1. In early March 2009, Council was briefed on the constraining effects of the proposed Carbon Pollution Reduction Scheme (CPRS) and its primary greenhouse abatement mechanism, the Emissions Trading Scheme (ETS). Key issues are:
 - Failure to account for voluntary community action - In summary, whilst the CPRS in its current form allows Australia to meet its binding Kyoto targets by 2012, it also poses several constraining factors on recognising greenhouse abatement efforts outside a market-based carbon permit system and additional to the ETS abatement target. It also threatens to disenfranchise community engagement in carbon reductions. Further, it does not recognise the value of activities such as energy efficiency in both reducing and preventing carbon emissions.
 - Impact on some council operations – Waste: the CPRS is anticipated to lead to rising landfill costs while limiting the capacity to consider alternative waste technologies. Sustainable Transport Infrastructure: fuel subsidies under the proposed ETS will act as a disincentive to introducing sustainable transport infrastructure and increase the use of road freight.
 - Targets inadequate to prevent dangerous climate change – The greenhouse abatement targets adopted for the CPRS (5-15% reduction on 2000 levels by 2050) will commit Australia to necessarily failing to do its bit to prevent a rise in global average temperatures to well above 2-2.5⁰ Celsius, which current science suggests will cause dangerous climate change.
- 3.2. It was agreed that Council should:
 - Endorse a CoPP submission to the draft exposure legislation on the CPRS
 - Receive information on available and effective advocacy approaches for Council to gain federal consideration of its desired modifications to the CPRS.

- 3.3. Subsequently, Council received the draft submission and recommended options for advocacy at a second briefing on 6 April 2009, and provided feedback on both papers.

4. CONSULTATION AND STAKEHOLDERS

- 4.1. Consultation already undertaken with regard to both the submission and Council's advocacy strategy include:

4.2. Internal:

- The submission and background information was provided to all relevant Business Units for input and modification to Council's recommended position. Units consulted are Transport & Traffic Management, Infrastructure Services, Governance & Risk Management, and Corporate Planning. Except for some minor modifications, officer consultation concurred with the recommendations of the draft submission presented to Council on 6 April 2009.
- Council's internal Energy Taskforce (involving all units responsible for carbon emissions or procurement of carbon-intensive activities) was briefed on the constraining effects of the CPRS on local government activities and the Council submission in late March 2009, and invited to provide comment.
- Council was briefed on the constraining effects of the CPRS on local government activities in early March 2009. Council was further consulted on the draft submission to the Department of Climate Change on the exposure draft legislation on the CPRS. All suggested modifications to the submission and advocacy strategy have been included. Council was also consulted on effective advocacy options to gain modifications to the CPRS in early April 2009.
- An additional submission has been provided to the *Senate Select Committee on Climate Change Policy*. This submission is a confidential Committee document until such as time as released by the Committee.

4.3. External:

- The Municipal Association of Victoria and the Victorian Local Governance Association have been provided with a copy of council's submission. In addition, they have been informed of Council's concerns and preferred position. Council officers have also verbally reinforced Council's position about the need for strong association representation on member concerns and Council's intended advocacy strategy.

- Council officer representation of concerns around recognising voluntary action as additional carbon abatement has also been reflected through strong submissions made by the Voluntary Carbon Markets Association.

4.4. It is proposed that planned advocacy over the next 3-5 months to the federal government include:

- Gaining effective lobby through Local Government Associations - the Municipal Association of Victoria, the Victorian Local Governance Association and the Australian Local Government Association;
- Influencing local state and federal parliamentary representatives to effectively present Council's recommended modifications to the most effective federal representatives and channels; and
- Influencing Senate representatives to advocate for appropriate amendment to the legislation during its passage through the Upper House.

5. OPTIONS

5.1. Option 1: Endorse a submission highlighting concerns with the CPRS and initiate an advocacy campaign to gain modifications

Council fully supports the federal government's commitment to internationally binding carbon reduction targets under the Kyoto Protocol and its intention to introduce a market cap on Australia's carbon production through an emissions trading system. However, Council believes that the design of the proposed CPRS is fundamentally flawed and actually limits Australia's capacity to achieve meaningful carbon reductions in a timely way that reduces the risk of dangerous climate change (preventing global mean temperatures reaching above 2-2.5⁰Celcius of the known conventional mean temperature). Of particular concern to Council is that a definite, if unintended, consequence of the CPRS in its current format will be to disenfranchise community activism and engagement in abatement actions.

Seeking modifications to the CPRS, as raised in Council's submission, will be a primary and viable strategy for achieving any amendments to the CPRS and its accompanying legislation before it is finalised through passage in the Lower and Upper Houses of Parliament.

5.2. Option 2: Do nothing

This is not a recommended option. Council is committed to continued community engagement and capacity building in actively reducing local carbon emissions.

6. POLICY IMPLICATIONS

6.1. Council's umbrella environment strategy, *Toward Zero*, illustrates commitment to actively reducing local carbon emissions and preventing the worst impacts of climate change. Council's framework for environmental

action also focuses on enabling and assisting significant and timely reductions in community carbon emissions. Whilst the proposed CPRS supports this in principle, it will also have the effect of rendering local action largely ineffective in reducing Australia's carbon emissions. This has major future implications for council's continued provision of community engagement and environment programs to local communities.

- 6.2. The targets in the proposed CPRS also fall short of clear science-based targets that dictate the level of abatement required and by when. This has major future implications for Council's climate adaptation actions as well as increased costs in some services and maintenance regimes (such as beach re-nourishment and cleaning, infrastructure maintenance).

7. FINANCE / RESOURCE IMPLICATIONS

- 7.1. The CPRS utilises a polluter-pays principle, which means that consumers will see a rise in costs. In the long-term, Council is likely to have some impacts from rising landfill costs. Council will also have to manage increased community costs from landfill waste management.

8. LEGAL & RISK IMPLICATIONS

- 8.1. The design of the CPRS is likely to disenfranchise community activism and engagement, with a risk in Council being perceived by the community as inactive on carbon reductions.
- 8.2. The CPRS' proposed targets are likely to mean a higher risk of dangerous climate change and will lead to higher risks and legal implications for local community and council assets, particularly after 2050.

9. SUSTAINABILITY ASSESSMENT

- 9.1. **SOCIAL EQUITY** - The preferred option provides a strategy for Council to actively resist the introduction of a CPRS that will devalue verified community abatement and may disengage community activism in favour of a modified Scheme that recognizes verified voluntary abatement and values social activism and inclusion in this important area. Council's requested modifications also seek a more just Scheme with better distribution of the costs back to polluters rather than consumers.
- 9.2. **ECONOMIC VIABILITY** - The preferred option takes a financially responsible and precautionary approach to ensuring that costs resulting from climate change are minimized and community resilience is built to ensure better local management of climate change risks.
- 9.3. **ENVIRONMENTAL RESPONSIBILITY** - The preferred option seeks to continue an environmentally responsible approach to ensuring national carbon reduction mechanisms. These mechanisms should provide local communities and municipalities with the best opportunity for achieving low-carbon and cost-effective greenhouse reduction activities.

- 9.4. CULTURAL VITALITY - The preferred option seeks to build on local cultural strengths (urban vitality, sense of place, pride of place) and value community efforts. It also seeks modifications the CPRS that will not disenfranchise community carbon reduction efforts.

10. IMPLEMENTATION STRATEGY

- 10.1. Timeline - As indicated under section 1.1 Purpose, the submissions are completed and were submitted by the respective due dates.
- 10.2. The recommended timelines and options for advocacy on the CPRS are outlined in Attachment 3.

11. COMMUNICATION

- 11.1. Council's submission asks that the proposed CPRS recognise complementary efforts such as voluntary abatement action as well as use current science-based targets to set the CPRS cap.
- 11.2. Council will strive to independently influence the 'voluntary actions' aspect of the final CPRS and also through joint advocacy with peak local government groups such as the MAV, VLGA and ALGA.
- 11.3. Council will continue to reduce its carbon footprint and also help the community to reduce its impact.