



EAGA

EASTERN ALLIANCE FOR
GREENHOUSE ACTION

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Dr Wendy Craik
Climate Change Authority
GPO Box 787
Canberra ACT 2600

By email: submissions@climatechangeauthority.gov.au

27 Sept 2017

Dear Dr Craik,

Re: Review of the Carbon Farming Initiative legislation and the Emissions Reduction Fund

The Eastern Alliance for Greenhouse Action (EAGA) welcomes the opportunity to respond to the Climate Change Authority's (CCA) *Review of the Carbon Farming Initiative legislation and the Emissions Reduction Fund* consultation paper.

EAGA is a formal Alliance of eight councils in Melbourne's East, comprising:

- City of Boroondara
- Glen Eira City Council
- Knox City Council
- Maroondah City Council
- City of Monash
- City of Stonnington
- Whitehorse City Council
- Yarra Ranges Shire Council

EAGA is committed to delivering mitigation and adaptation projects and advocating for initiatives that support sustainable, low carbon communities. We consider that this review provides a unique opportunity for reform policies that currently limit an efficient and timely transition to a zero emissions economy.

EAGA's response to the review is underpinned by the following facts:

- Australia's total annual greenhouse emissions are increasing year on year, as documented in the Federal Government's National Greenhouse Gas Inventory (NGGI)¹
- Australia is not on track to meet its obligations under the Paris Agreement of a 25-28% reduction by 2030
- The country's emissions trajectory will exceed the CCA's carbon budget, meaning that by 2030 Australia will emit 302.82MtCO₂-e more than the Paris Agreement trajectory²
- Current policy measures are not delivering the required reductions and are not scalable to ensure that Australia is doing its 'fair share' in addressing the two degree warming limit

We call on the Government to bridge this divide by establishing robust policy measures informed by credible science and reinstate its position as a leader on climate change policy. This includes strengthening the existing CFI and ERF policies and supporting regulation. Whilst the consultation paper provides cursory discussion of the challenges facing the policies, we urge the Federal Government to consider the following recommendations in response the consultation paper:

1. Broaden the scope the CFI legislative framework to ensure other voluntary actions are additional to Australia's international obligations, specifically GreenPower

The Government should adopt a transparent and verifiable ongoing process to retire any international units that are freed up by GreenPower purchases so that the reduction measure is additional to Australia's international obligations.

The absence of a legislated process to ensure Kyoto units are retired will mean that the voluntary action taken by 300,000 households and 25,000 businesses will not provide additional mitigation as this voluntary action allows other sectors to contribute less. This issue is also likely to undermine the future decisions local governments across Victoria who are currently investigating a range of large scale renewable energy projects for the purposes of meeting their emission reduction goals.

The cancellation of Kyoto Units is dealt with by Part 6 of the Australian National Registry of Emissions Units Act 2011. The Act in s 64B(3)(c) guarantees that the voluntary cancellation of a Kyoto ACCU results in a cancellation of a Kyoto Unit. Whilst this facilitates the cancellation of units generated through the CFI, the cancellation of Kyoto units is possible under s 65 for other means (such as for GreenPower), however this is not guaranteed by the current legislative framework.

2. Re-structure the ERF in a way that ensures Local Government and non-for-profit sectors can access the Fund.

Selecting projects by the sole criteria of cost per tonne of abatement will mean that projects originating in the Local Government and non-for-profit sectors are much less likely to be supported. These sectors often deliver innovative projects targeting the residential sector (as demonstrated by the 1400+ low income households retrofitted in EAGA's Live Green with LESS program) which attract higher transactions costs and are therefore will be at a competitive disadvantage when assessed on a cost per tonne basis. Despite the higher costs, these projects often offer broad co-benefits beyond emissions reduction.

One way the Government can address this short coming is to segment the ERF into appropriate abatement categories, either by abatement opportunity type (as per the marginal abatement cost

¹ <http://www.environment.gov.au/climate-change/greenhouse-gas-measurement/>

² NGGI, NDVER (<http://ndevr.com.au/environmental/tracking-2-degrees-fy17-q2>)

curve) or by sector, providing separate criteria for industry, local government, not-for-profits, and other sectors.

EAGA is willing to work with the Federal Government to support the development of an integrated suite of climate change policies, founded on strong science and evidence base. We look forward to participating in the Department's next consultation on these important reforms.

Should you have queries or questions relating to this letter, please contact Scott McKenry, EAGA Executive Officer on scott.mckenry@maroonodah.vic.go.au or 03 9298 4250.

Kind regards,



Councillor, Knox City Council
Cr John Mortimore
Executive Committee Chair
Eastern Alliance for Greenhouse Action
Councillor, Knox City Council



This submission has been approved through EAGA's formal governance structure as described in the EAGA Memorandum of Understanding 2017-21. The submission may not have been formally considered by individual member councils.