

21 April 2006

Mr Peter Ottesen
Executive Director
Office of Sustainability
Chief Minister's Department
GPO Box 158
CANBERRA ACT 2601

Dear Mr Ottesen

Development of an ACT Climate Change Strategy and Energy Policy

The Commission for the Environment of the Anglican Diocese of Canberra and Goulburn (the Commission) welcomes the opportunity to comment on the ACT's Climate Change Strategy and Energy Policy discussion papers. The ACT Government is to be commended for taking the initiative to address the growing concern of climate change and for conducting a public consultation process.

The Commission was established in 2001 as part of the world-wide Anglican Communion's response to: "strive to safeguard the integrity of creation and sustain and renew the earth." The Commission addresses this obligation at three levels:

- within the church as a community of faith
- within the church as an institution
- in the wider community as an influential party in the development of community and government attitudes and policies.

The Commission wishes to highlight several fundamental aspects of the ACT's current greenhouse position which are outlined in the discussion papers.

Compared to the rest of Australia, the ACT has:

1. The highest per capita greenhouse gas emissions;ⁱ
2. The second highest per capita rate of domestic electricity consumptionⁱⁱ and higher than average electricity growth rate;ⁱⁱⁱ
3. A considerably larger ecological footprint than either Sydney or Melbourne;^{iv}
4. Increasingly wasteful consumption patterns;^v
5. The highest per capita average income^{vi} and lower than average Australian electricity prices;^{vii}
6. An emissions profile that enables a targeted approach to emissions reductions (ie focussed on energy and transport emissions).

These facts lead the Commission to conclude that within the ACT there is a compelling case for serious, dedicated and urgent action.

Furthermore, the Commission strongly believes that the ACT is in an ideal position to take a leadership role in Australia in stabilising and then reducing its

greenhouse emissions. Seriously addressing the ACT's greenhouse emissions would also be a clear demonstration of the Government's commitment to "translate sustainability into practical action."^{viii}

The Commission also believes that there are compelling moral and ethical reasons for the ACT Government, industry and communities to commit to reduce their emissions. In responding to the discussion papers, the Commission will focus its comments on the moral aspects of climate change and in particular two specific policy areas that may not have been addressed adequately and that should be recognised as part of the climate change strategy and the energy policy. Responses to several specific questions posed by the discussion papers are also provided.

The Commission would be happy to elaborate further on any aspect of its submission. For further information please contact Mr Stephen Palethorpe (02 6277 3542, 31 Blackman Cres, Macquarie, ACT, 2614).

Yours sincerely

The Right Reverend George Browning
Bishop for the Anglican Diocese of Canberra and Goulburn and
Convenor of the Anglican Communion Environmental Network

Prof Barry Richardson
Chair, Commission for the Environment

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

Social Justice

The climate change paper touches upon the need to consider the interests of those on income support in addressing the challenges of climate change. The Commission would like to highlight several other social justice issues.

It is important to remember that climate change is a global issue with global impacts. We should acknowledge that the activities of our well-off society have significant negative environmental, economic and social impacts on the peoples and ecosystems beyond Canberra's borders. The impacts are particularly detrimental to vulnerable nations, such as developing countries and small island states and endangered ecosystems and species. Those of us in the rich nations should be prepared to make sacrifices in the level of comfort and luxury we have come to enjoy in order to minimise the negative impacts on those less fortunate than ourselves. In the Commission's view these moral considerations of the greenhouse debate should be carefully integrated into a sound climate change strategy and energy policy. In this context the Commission supports initiatives that address the moral transformation needed for environmentally sustainable economic practices such as the Contraction and Convergence process championed by the Archbishop of Canterbury.^{ix}

From an equity perspective, the Commission advocates the polluter pays principle. It should be those individuals and organisations that benefit from emitting greenhouse gases that should bear the costs of their activities. The Commission also strongly supports the Government when it states that it "does not believe that the ACT's continued use and growth in demand for fossil-fuel energy is either economically or environmentally sustainable."^x Accordingly, the Commission would support the introduction of a carbon price, either through a carbon levy or emissions trading. The Commission notes in this context the success of the ACT/NSW Greenhouse Gas Abatement Scheme which is rightly considered Australia's most effective market-based greenhouse measure. Therefore the Commission supports an extension of the GGAS (both in terms of reduced per capita emissions and duration) or the development of an alternative broadly applicable policy to complement it.

In the Commission's view future greenhouse policies should not disadvantage those without the financial capacity to contribute. The obvious example is low income earners but consideration may need to be given to large energy users on modest incomes, such as those with large families (as their energy needs are likely to be greater). Assistance should be provided to these sectors of the community to ensure that they are not unduly disadvantaged. A positive example of a program designed to address this issue is Anglicare SA's Energy Empowerment program which the ACT Government should consider replicating (see: www.anglicare-sa.org.au/services/energyemp.html).

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

Intergenerational Issues

Because greenhouse gases persist in the atmosphere for around 100 years, it will be our children, grandchildren and future generations that will experience the cumulative and consequently most serious impacts of climate change. Just as the emissions generated by our parents and past generations impact our lives today, the decisions that we make today will be our legacy to future generations. However unlike past generations, which made their decisions without knowledge of the enhanced greenhouse effect, the current generation acts with extensive and irrefutable knowledge of the future implications.

The Commission commends the ACT Government on its clear commitment to the principles of sustainability^{xi} including the "recognition that meeting the needs of today must not be at the expense of future generations being able to meet their own needs."^{xii} Accordingly, the Commission urges the ACT Government to take this opportunity to consider our impacts on future generations, by acting sustainably and seriously addressing the ACT's growing greenhouse emissions.

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

Responses to Questions

Do you agree that we should focus an ACT Climate Change Strategy on specific areas? Where do you think the focus of the Strategy should be?

Response: Yes. Clearly the Climate Change Strategy should focus on the two dominant sectors in our emissions profile, energy and transport. In these areas we have a greater degree of control over our emissions and also a far greater potential to make serious inroads into our overall emission.

Consideration should also be given to areas where we may be able to influence emission levels beyond our borders. For example ACT consumers should be encouraged to buy sustainably produced products when purchasing from interstate.

What actions should the ACT community as a whole take to:

- *Plan for a low emissions future?*
- *Reduce greenhouse gas emissions created by our current activities?*
- *Adapt to inevitable climate change?*

How can the Government ensure that community members understand the implications of climate change and support them to take action?

What partnerships can be created to stimulate action across the community?

Response: The Commission strongly believes that a broadly based policy instrument such as a carbon levy or emissions trading will be the most effective (both in terms of emissions reduction and cost-effectiveness) means of firstly stabilising and then reducing the ACT's emissions. In the absence of a nationally agreed framework for emissions trading the Commission supports the transitional introduction of an ACT-wide carbon levy which would operate until a national emission trading scheme is in place. In this way the entire community would contribute to the task of reducing emissions.

It is anticipated that the levy would be set at such a level so as to balance competing economic, social and environmental interests. Introducing a cost of carbon emissions would be recognition that there are economic, social and environmental costs associated with generating greenhouse emissions. It would be important to progressively introduce such a levy, from a modest level at first, to allow consumers time to adjust to the slight change in financial circumstances.

If a carbon levy is introduced it is recommended that sufficient revenues be hypothecated to:

- Administer greenhouse abatement programs including:
 - a carbon levy
 - other abatement programs outlined below
 - education programs, for example to promote consumer education to encourage less waste and greater awareness of resource use

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

- research and development
- Fund adaptation programs
- Assist low income earners who do not have the capacity to contribute
- Assist energy intensive industries and organisations during a transitional period

If a carbon levy is not favoured, the Commission encourages the Government to consider extending the GGAS.

The Commission also supports the implementation of various initiatives outlined in the discussion papers and currently under consideration by the Government. These include:

- Encouraging alternate fuel vehicles through stamp duty and/or registration incentives;
- Exploring potential for low intensity wind generation in the Territory

The Commission would also support other initiatives such as:

- Replication of Anglicare SA's Energy Empowerment program;
- Strengthening building energy efficiency standards;
- A reduction in registration fees for smaller vehicles with an equivalent increase in fees for larger vehicles. This would encourage the greater uptake of smaller vehicles;
- Greater funding for public transport, car pooling, cycling and walking – particularly given the extremely high proportion of private car ownership in the ACT;
- Encourage consumers to purchase the top energy performing products possibly through the promotion of the new Energy Allstars website.

Should the ACT set a target/s for reducing greenhouse gas emissions?

- ***What issues should be taken into account in setting a target/s (eg the ACT's contribution to overall emissions; cost to the ACT community; feasibility of meeting targets)?***
- ***Should target/s be set for specific sectors, activities or wedges and, if so, which ones?***
- ***Do you think a 60% reduction in ACT greenhouse gas emissions by 2050 is an appropriate long term target for the ACT?***

Response: The Commission strongly believes that the setting of targets must not be a simple financial cost benefit analysis. It believes that the fundamental principles of sustainability should guide the level of the ACT's target. This would entail:

- Balancing competing economic, social and environmental interests;
- Taking into account the effect of our actions on other nations and species in an interdependent world; and
- Recognising that meeting the needs of today must not be at the expense of future generations being able to meet their own needs.

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

As it represents the contemporary scientific consensus, the Commission supports the long term target of a 60% reduction in ACT greenhouse gas emissions by 2050. It also recommends that appropriate interim targets be established so that we don't lose sight of the 2050 target and so that we are able to track our progress. As atmospheric greenhouse gases will have a cumulative effect on the Earth's climate, the Commission supports interim targets which would encourage early action. This is also consistent with the Government's support for "stretch targets".

Who in the community should pay for the actions to address climate change?

How do we ensure that disadvantaged members of the community are supported through the necessary changes?

How should the Government pay for the actions it will undertake through an ACT Climate Change Strategy?

Response: As a general rule the Commission supports the polluter pays principle. It should be those individuals and organisations that benefit from emitting greenhouse gases that should bear the costs of their activities.

The Government is encouraged to replicate Anglicare SA's Energy Empowerment program as one way of supporting disadvantaged members of the community. Disadvantaged members of the community could also be eligible for a slight increase in the rebate they receive from the Department of Disability, Housing and Community Services to cover any costs incurred as a result of a carbon levy. The additional cost of the rebate should be paid from carbon levy revenues. The Commission would also support increased funding to ACT Housing or other community welfare organisations to allow energy efficiency benefits to be more accessible to public housing and low income tenants.

In the absence of a national emissions trading scheme the Commission recommends a transitional carbon levy, and that all revenues generated be hypothecated to fund the various elements of the Climate Change Strategy.

The Government is interested in exploring the potential for low intensity wind generation in the Territory. Do you have a view?

The Government believes that scope exists for the development of renewable on-site generated power in the form of solar photovoltaic panels and would like to explore this potential in conjunction with academia, business and the wider community. Do you have a view?

Response: The Commission supports the Government in these areas.

It is possible that nuclear generators may at some time form part of the National Electricity Grid and that the views of the ACT Government will be sought on the acceptability of this option and on their deployment and use. Do you have a view?

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

Response: The Commission believes that it is premature to decide on this question.^{xiii} A public consultation process should be conducted once a decision is made to introduce nuclear generation into the National Electricity Market.

The Government is interested in establishing whether or not the current planning approval and development guidelines sufficiently encourage energy efficient and innovative designs and how they could be improved. Do you have a view?

Response: The Commission believes that Australia lags other OECD countries in relation to building energy efficiency standards. Given that heating and cooling represent more than 40% of average ACT household energy consumption, average house sizes are increasing, and there are fewer occupants per household, higher standards of energy efficiency are essential to tackle ACT's growing emissions. Any initial additional outlay would be recouped by the householder over a number of years and occupants would be more comfortable year round.

The Commission supports the imminent, nation-wide transition from 4 to 5-star energy efficiency requirements set out in the Building Code of Australia (BCA). The Commission recommends that the ACT Government consider a pathway for achieving higher standards beyond the BCA benchmark in the future.

The Government is interested in exploring how consumers could be encouraged and better supported in their purchase of energy efficient equipment and appliances. Do you have a view?

Response: The Commission believes the ACT Government should encourage consumers to purchase the top energy performing products. An effective way to do this is through promotion of the new Energy Allstars website (www.energyallstars.gov.au), which allows consumers to identify and compare the most energy efficient equipment and appliances.

The Commission recommends that the Government promote the Energy Allstars website through the following mechanisms:

- Use the Energy Allstars website in implementing the Government's new procurement guideline;
- Offer consumers a modest rebate, funded by the proposed carbon levy, for purchases of products listed on Energy Allstars; and
- Include the Energy Allstars website in relevant education material.

The Government is seeking comments on the long-term impact of increasing liquid fuel prices on ACT residents and businesses and what measures could be considered to alleviate these impacts. Do you have a view?

Response: The Commission does not believe that the price of fuel in the ACT is excessive. Australia still has amongst the lowest liquid fuel prices in the OECD and arguably they are too low as they do not currently have a carbon component included. However, we must recognise that the ACT is an island surrounded by NSW. Accordingly, while the Commission does not necessarily oppose an

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

increase in liquid fuel prices, we suggest that any increase should be agreed at the national level or at least with the NSW government.

The Government is interested in examining more closely the basis of energy price setting, in particular the application of full-cost pricing, and how this could be pursued in a national market. Do you have a view?

Response: The Commission is supportive of the economic benefits of cost reflective pricing, although it notes that the greenhouse implications of this practice are not well understood.^{xiv} As several other jurisdictions are also considering the introduction of cost reflective pricing, it would be beneficial to commission research into this area.

Commission for the Environment submission on the ACT Climate Change Strategy and Energy Policy Discussion Papers

Endnotes

- ⁱ Climate Change Strategy discussion paper, p. 13.
- ⁱⁱ Energy Policy discussion paper, p. 10 " the ACT has the second highest rate of domestic electricity consumption per person, well above the national average."
- ⁱⁱⁱ Energy Policy discussion paper, p. 11 "By way of comparison, NEMMCO (the company responsible for managing demand growth in the grid) projects a 1.9% per annum increase for the combined NSW/ACT Region. ActewAGL, the local electricity distributor, plans on a rate of growth of about 2.5% per annum."
- ^{iv} Energy Policy discussion paper, p. 29 "Volume 3 of *Measuring our Progress – Canberra's Journey to Sustainability (2004)* indicates that Canberra's ecological footprint is 5.73 hectares (ha) per person. This compares unfavourably with both Sydney (5.20ha) and Melbourne (4.71ha). The largest single contributor to the ACT footprint was emissions associated with electricity use."
- ^v Energy Policy discussion paper, p. 9 "Canberrans have ... one of the highest rates of consumption of products and resources." Furthermore, according to the Australia Institute's report *Wasteful Consumption in Australia*, March 2005 "Residents of the ACT are the most wasteful in Australia, spending on average \$1 475 per year on unused goods." This means that there is greater scope for significant reductions in emissions by reducing wasteful consumption.
- ^{vi} Climate Change Strategy discussion paper, p. 13 and Energy Policy discussion paper, p. 9 "The average weekly income for people employed full-time in the ACT in 2002 was \$978, significantly higher than the national average of \$873. Canberrans have the highest disposable incomes in Australia..." This means that ACT residents have a greater capacity to bear any minor financial impacts which may arise.
- ^{vii} Which currently do not include a cost of carbon and meaning that residents and businesses will not be competitively disadvantaged by a small increase in energy prices.
- ^{viii} ACT Government 2003, *People Place Prosperity: a policy for sustainability in the ACT*, p. 13.
- ^{ix} Rowan Williams in the Independent, Sunday, April 17, 2005.
www.archbishopofcanterbury.org/sermons_speeches/050417.htm
- ^x Energy Policy discussion paper, p. 18.
- ^{xi} Mr John Stanhope MLA, Chief Minister, Climate Change Strategy discussion paper, p. 3
- ^{xii} ACT Government 2003, *People Place Prosperity: a policy for sustainability in the ACT*, p. 11.
- ^{xiii} The Federal Industry Minister has recently rejected an inquiry to consider nuclear power generation in Australia. See for instance "Government rejects nuclear power", *The Age*, 5 April 2006, p. 12. The Prime Minister has also recently stated in an interview with Neil Mitchell, Radio 3AW, Melbourne on 7 April 2006 that "At the moment it's not as attractive economically, but if it were to become then this country should certainly look at it."
- ^{xiv} For example, any improved energy efficiency that resulted from the introduction of cost reflective pricing would certainly reduce emissions. However, cost reflective pricing would also encourage a general move from gas peaking capacity to coal-fired base load power, resulting in increased emissions.