

CLIMATE CHANGE AND VICTORIAN LOCAL GOVERNMENT – UPDATE OF MAV ACTIVITIES

2 April 2009

The Australian Government has recently released an Exposure Draft Bill for the introduction of a national Carbon Pollution Reduction Scheme (CPRS). This follows the release of a White Paper on the CPRS in December 2008. The purpose of this Members Brief is to update councils on the MAV's activities related to the proposed CPRS. An update of other MAV climate change activities is also included.

Draft legislation for the introduction of a Carbon Pollution Reduction Scheme

On 10 March the Australian Government released an Exposure Draft Bill for the introduction of a national Carbon Pollution Reduction Scheme (CPRS) to drive down Australia's national greenhouse gas emissions at the lowest cost to the Australian economy. It is proposed that the scheme will commence on 1 July 2010.

The MAV, with the ALGA and local government associations in each State and Territory, has commissioned Deacons to undertake an analysis of the draft legislative package to ensure that local government interests are maintained as per the commitments sought and made through the Green and White Paper processes that preceded the drafting of legislation.

If necessary, a joint submission will be made through the ALGA to the Australian Government and relevant senate committees considering the draft legislative package.

A copy of the Deacons analysis will be made available to MAV member councils for consideration.

Implications for councils from the introduction of the CPRS

If a Carbon Pollution Reduction Scheme is introduced in Australia it will make industries including local government pay for the emissions they generate.

The CPRS employs a 'cap and trade' emissions trading mechanism to limit greenhouse gas emissions. Emitters of greenhouse gases need to acquire a permit for every tonne of greenhouse gas that they emit. The quantity of emissions produced by firms will be monitored, reported and audited.

Councils that own and operate (have 'operational control' over) landfill sites may be liable for participation in the CPRS. The scheme will cover landfills that emit 25,000 tonnes or more of CO₂-e per year. A secondary threshold of 10,000 tonnes or more CO₂-e is proposed for landfills operating within a distance of other landfills receiving similar waste streams, to prevent waste shifting to smaller sites to avoid liabilities. This distance is yet to be confirmed by regulation although a distance between facilities of 80 kilometres was floated in the White Paper.

The MAV is working with the ALGA, local government associations nationally, and with the Victorian Department of Sustainability and Environment, EPA Victoria, Sustainability Victoria

and the regional and metropolitan waste management groups to define the implications and compliance requirements of the CPRS on council landfill management. **The MAV will seek to build council understandings of risks and liabilities for landfill management at the upcoming MAV CEOs' Forum on 16 April**, and through subsequent activities.

Introduction of the CPRS will also lead to a rise in the price of many goods and services that councils use. Carbon-intensive goods and services will be priced more highly than low-emissions alternatives. Councils are encouraged to consider where they can achieve efficiencies or change practices to reduce their exposure to a carbon price.

Procurement of emissions calculation and reporting services

Councils will be required to determine whether they have liabilities under the scheme and if so, to generate annual greenhouse gas emissions reports (consistent with national methodologies), and purchase and surrender carbon permits on an annual basis. The MAV anticipates the majority of councils will need some form of assistance to understand and meet the compliance requirements, particularly in the early years of the scheme.

The MAV will soon issue an Expression of Interest form for councils to notify us of your interest in participating in a joint procurement of emissions calculations and reporting services that will be compliant with the required methodologies as established under the CPRS and associated legislations. The EOI will not bind you to participate, but enable the MAV to canvass interest in running a tender and procurement process on behalf of the sector.

The MAV will convene a panel of experts to inform the development of a service specification and oversee the selection of preferred supplier(s) to councils. Following this process, each council will have opportunity to consider whether the MAV negotiated package meets their needs at an appropriate price, or whether an alternative service is desirable. A common service agreement will also be negotiated.

Councils will not be required to commit to the joint procurement process until after the legislative package on the Carbon Pollution Reduction Scheme has been passed by the Australian Parliament, as there is a possibility that the package of legislation will not be passed or the timing of introduction of a CPRS will be deferred beyond 2010.

Victorian Government Climate Change Green Paper

The Victorian Government is preparing a Green Paper, due for release in the near future, that will outline its proposed policy response to climate change. The Green Paper is expected to propose emissions reduction (mitigation) policies that complement national policy, the impacts of climate change and opportunities to adapt to these impacts, and the necessary structural adjustments that may be needed across Victoria as a result of climate change. The Green Paper is also expected to present the State's view on the way it would like to work with local government to progress the climate change response in a collaborative manner.

Following the release of the Victorian Climate Change Green Paper the MAV will commence a process of detailed consultation with member councils to inform the development of a submission to the Green Paper. This consultation will likely be held over May / June 2009.

Discussion paper on Victorian local government and climate change

Concurrent with the State Government's Green Paper process the MAV will develop a discussion paper on Victorian local government and climate change. The discussion paper will form the basis of dialogue with member councils about the needs, interests and

opportunities for councils to actively engage in Victoria's climate change response. It will seek the input of members to:

- Define the role of local government in climate change emissions reduction and complementary mitigation policy and programs,
- Define the role of councils in building community adaptive capacity and resilience to the projected impacts of climate change,
- Explore what role the sector envisages for itself in supporting communities to adjust to change over time and to ensure the continued viability and livability of municipalities and regions across Victoria
- Help the MAV identify member councils' expectations of the Association in representing your needs and interests around climate change
- Guide the development of priorities and a work plan for MAV action on climate change
- Form the basis of development of a Victorian Local Government and Climate Change Policy Position for proposed endorsement at a future meeting of State Council

MAV information and advisory services to member councils

Climate change will affect all areas of a council's operations and services. MAV officers are available to attend regional meetings of councils to give presentations of climate change and the implications of the proposed CPRS for Victorian local government.

The MAV also provides information and advice to member councils via our Members Briefs, weekly MAV bulletin, monthly environment bulletin, forums and meetings, and via telephone/email.

Further information

- MAV submission to the Green Paper on a Carbon Pollution Reduction Scheme
- Members Brief on the White Paper on a Carbon Pollution Reduction Scheme
- MAV submission to the discussion paper on a National Carbon Offset Standard
- Members Brief on the discussion paper on a National Carbon Offset Standard

Website link: Visit the climate change pages at www.mav.asn.au

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