

Submission to the Environmental future funding package

February 2017

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Opening

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general-purpose councils and associate members including special-purpose county councils and the NSW Aboriginal Land Council. LGNSW facilitates the development of an effective community based system of local government in the State.

LGNSW welcomes the opportunity to make a submission to the environmental future funding package. Local government has already shown a willingness and enthusiasm to mitigate or reduce its emissions, and the emissions of communities. Over the past two decades local government has actively engaged in programs to reduce greenhouse gas emissions from council operations and to implement community greenhouse gas abatement programs. Local Government has also made considerable progress in assessing and planning for climate change impacts with 82% of NSW councils having undertaken a risk assessment.

LGNSW congratulates the NSW Government on taking a strong stance on climate change policy. NSW councils have indicated that shifting policy settings in other spheres of government has been a large barrier to local action.

Climate Change Fund Draft Strategic Plan

Accelerating Advanced Energy

LGNSW supports the deployment of renewable energy and advanced energy options. LGNSW seeks energy market reforms to improve the network connection processes for decentralised energy providers. This has been highlighted recently by the City of Sydney request to the Australian Energy Market Regulator for a rule change on local generation network credits.

Local government could contribute to demonstration of advanced energy through waste to energy projects. Whilst there are a number of waste to energy systems operating in Australia they are based on the combustion of landfill gas and bagasse. There is large potential to recover energy from the bulk urban solid waste stream. The portion of the landfilled waste which would be suitable as a fuel (plastics, paper and cardboard, wood and textiles) is estimated to be approximately 1.8 million tonnes per annum in NSW (MRA Consulting Group, 2016). This could equate to 3.6 GJ per annum of power (assuming 20% efficiency).

Barriers to waste to energy generation that would need to be addressed to encourage the development these projects include:

- A restrictive waste to energy policy in NSW.
- A long and expensive process to enter into power purchase agreement established with an energy distributor.
- Poor financial incentives to enter into the market.
- Unfavourable public perceptions.

The NSW Government's aspiration for reducing carbon emissions from its transport fleet is supported. However, this should not be limited to passenger and commercial vehicles. Energy consumption of recently procured rail rolling stock does not appear to have been a consideration. This leaves NSW with a long legacy of poor energy performing rolling stock given its long asset life. Consideration of the energy performance of the government bus fleet should also be a priority.

Some NSW councils are already working with their residents and businesses on community renewable energy projects. Local Government welcomes support to develop community

energy projects. This support could take the form of online resources and workshops in advanced energy technologies and connection procedures plus assistance with building the business case.

National Leadership in Energy Efficiency

Please see the section on the Draft Plan to Save NSW Energy and Money below.

Preparing for a Changing Climate

Local Government NSW and the Office of Environment and Heritage (OEH) surveyed local government on adaptation responses in 2015, the findings of which are reported in “NSW local government progress and needs in adapting to climate change Final Report”.

The majority of NSW councils (69%) have begun experiencing impacts from climate change. Councils are most concerned about impacts from storms and flooding and how this will affect infrastructure and demand for emergency services. NSW local government is prioritising adaptation, with over 82% of councils having undertaken a climate change risk assessment. There is also a high level of community expectation to plan for climate change with climate change adaptation being identified as a priority in 71% of Community Strategic Plans. This is reflected as a priority for councils by being included in the 4 year Delivery Program (60%) and the annual Operational Plan (56%).

Local government has generally focussed to date on building internal capacity to address climate change impacts rather than outsourcing risk assessment processes to consultants. This has allowed for councils to build adaptive capacity within their organisations.

The sector has identified both assigned funding and staff capacity as the biggest barriers to adapting to climate change. The implementation of adaptation actions is not always capital works projects but rather the modification of existing practices to plan for future impacts. This requires dedicated staff time to undertake and review climate change risk assessments, examine existing plans and operations, engage with other staff on how operations need to change to plan for climate change impacts, and embed adaptation within operations. Limited resources in local government often mean a staff member cannot be assigned to this task exclusively. LGNSW recommends ongoing funding be provided to councils that allows for employment. This could be similar to the Waste and Sustainability Improvement Program funds where councils received a set amount of money over a number of years based on population size. The rules of this program and the longevity of funding allowed councils to employ officers to progress sustainability and other environmental agendas both within councils and their communities.

LGNSW administers the Building Resilience to Climate Change (BRCC) program. This program provides funds to local government organisations to implement actions that address priority climate change risks. With funding provide by OEH, the NSW Environmental Trust and the Climate Change Fund, BRCC has provided councils with \$1.4 million for 21 projects. The program has been successful at prioritising climate change adaptation, with the 21 projects resulting in partnerships with 92 councils, 9 NSW agencies, 6 research institutions, 2 professional organisations, 3 community groups and 6 businesses.

The wide range of projects which have been funded include tool development, trialling of approaches and technologies, community engagement and infrastructure upgrades. BRCC has been well subscribed and there is unmet demand. LGNSW recommends the continued funding of this program.

Building capacity of local government

LGNSW supports the suggestion to build capacity in councils to respond to climate change impacts. The local government adaptation survey indicated that councils would like:

- Guidance and tools on reducing risk exposure specific to local government operations and assets.
- Localised climate data and information interpreting the climate science for local government end users.
- Statutory planning support.
- Capacity building through online guidance materials, workshops on specific climate impacts, training and case studies.

Activities targeting executive management and councillors should be prioritised as a means of driving action within councils. General Managers and Councillors have been identified as the most important driver for climate change action in councils. The last program targeting this group that LGNSW ran, with NSW Environmental Trust support, was 2014.

Adaptation services market

Expansion of BASIX or building regulations to improve the resilience of housing, and point of sale performance ratings are supported by LGNSW to build the adaptation services market. Developing adaptation services in the building design and construction sectors could provide innovations to address multiple climate hazards.

Exposure to natural hazards

While additional funding for councils has been announced under the Coastal Management Program, there are constraints and gaps in those programs that limit council's ability to adapt to climate change in coastal and estuarine environments.

Riparian vegetation in estuaries and upper catchments can play a role in reducing the peak high flood as well as providing environmental co-benefits in terms of biodiversity, habitat and water quality improvements. However, both the flood management program and the estuary management program do not give priority to these projects.

There are also significant legacy issues of sea walls in estuaries particularly in the Sydney region. Many of these walls are reaching the end of their asset life, ownership of the walls is complex, the sea walls are often protecting valuable public open space and their deterioration can represent a risk to public safety. The estuary management program does not have sufficient funds to address this issue. Further NSW Government consideration is required on how this issue will be addressed.

Natural ecosystems

Many NSW councils are interested in introducing greater urban green cover within the built environment to reduce heat impacts as well as contribute to other environmental objectives. LGNSW welcomes support including information, tools and funding to councils to improve green cover and suggests that any program be developed with water sensitive urban design considerations, social inclusion/wellbeing and active transport considerations.

Tree canopy can often be a vexed issue for councils because of the public perception of trees and the tree pruning practices of energy distribution network service providers damaging the urban canopy. Councils would benefit from social research into why trees are not valued by some parts of the community and on approaches to change perceptions.

LGNSW calls for a strengthened regulatory environment for energy distribution network service providers when undertaking tree pruning that prioritises protection of the urban forest as well as the safety and reliability of the electricity supply. Funding support for alternative solutions to tree pruning such as aerial bundling or under-grounding of power lines is recommended.

Local government also needs flexibility in the standard instrument when applying landuse zones to allow for landward migration of ecosystems in coastal and estuary environments and restrict development and intensification of land uses identified as high-risk from various climate hazards such as bushfire, flood etc.

Information on local climate change impacts

LGNSW welcomes an increase in the available local data on a range of climate hazards. State-wide hazard mapping of extreme heat, rainfall intensity, flood, drought and storms would be useful if at a fine scale for use by a local decision maker. This is a more efficient and effective approach than councils commissioning the data. Water security information would also be valuable for climate proofing local water utilities.

A draft plan to save NSW energy and money

Energy Efficient Homes

A staged introduction of mandatory disclosure of energy ratings at the point of sale would encourage energy efficiency, boost the market for energy services and increase awareness. LGNSW encourages the scheme to also include water efficiency and building resilience ratings.

Mandatory performance standards for tenanted homes delivered in conjunction with an incentive program may improve the acceptability of such a program. Alternatively, a more acceptable solution for landlords may be the disclosure of the energy rating as per the point of sale arrangement. However, this is not the most effective approach when housing is in demand.

If the NSW Government chooses to pursue voluntary schemes, then ongoing community education will be needed to compete with the existing determinant of upfront costs and location.

The National Energy Efficient Building Project identified that most stakeholders believe under-compliance with building energy efficiency requirements is widespread across Australia. LGNSW recommends that BASIX compliance be funded to ensure the integrity of the program and that efficiency targets are realised. This could involve random sampling by the BASIX Assessor Accrediting Organisations.

LGNSW supports the regular review of BASIX targets and increasing targets if justified by the review process. Consideration of extending BASIX to other built sustainability and resilience improvements should be considered along with an emphasis on thermal performance of housing to make properties more resilient to extreme heat events.

Changes to BASIX should be supported with the delivery of training and resources to council officers to assist with the transition.

LGNSW supports the application of specific, higher energy savings requirements under BASIX if requested by individual councils and would be interested to discuss this possibility. While BASIX has set a minimum target as a benchmark across the state, some councils have found it limited their previous tighter energy and water controls.

Local government has previously partnered with the OEH Home Energy Action program to deliver benefits to vulnerable households and LGNSW continues to support this program. LGNSW recommends an approach that also considers improving the resilience of the housing stock which may include such measures as installing insulation, ceiling fans, window shutters, gutter guards etc.

LGNSW supports in principle the mandating of energy efficiency audits for mid- and high- rise apartment buildings for common areas and shared services. LGNSW would like to discuss how this would be regulated. Schemes such as the annual fire safety statements and swimming pool certificate of compliance can create increased demand for council services and become an increased expense for strata schemes. A longer reporting period, such as 5 years and different financial models such as energy performance contracting may reduce the burden of compliance. Any additional council activity needs to be fully funded.

Energy Efficient Government and Infrastructure

Public lighting

While legal responsibility for providing street lighting rests primarily with local government, most street lighting is owned by electricity distribution utilities. This circumstance resulted from the amalgamations of the former electricity county councils by State governments into corporatised utilities in the 1990s. An unfortunate legacy of these amalgamations is that there is no clear basis for the street lighting service with no service level agreements, no binding regulations covering street lighting service levels nor clearly defined contestability for street lighting should councils wish to choose another service provider. The main barriers to the rapid deployment of energy efficient lighting are:

- a) Utility reluctance to adopt and deploy energy efficient lighting technologies widely;
- b) The lack of a clear governance framework for the street lighting service and, in particular, the inability of most councils to choose an alternative service provider; and
- c) High residual asset values placed on the existing assets by the utilities (e.g. a huge financial hurdle to overcome before new lights can be installed). This can be addressed through a funding program however the same barriers will occur when the public lighting assets need renewing in 20 years.

LGNSW supports minimum energy performance standards and reporting in the NSW Public Lighting Code. However, a mandatory energy efficiency standard would be a more effective means for reducing emissions as this gives a clear signal to the asset owner to prioritise upgrades to public lighting.

Government Resource Efficiency Policy (GREP)

LGNSW supports voluntary local government participation in GREP. The effectiveness of this program has not been evaluated for NSW agencies and so the benefits of this program are unknown. The IPART “Review of reporting and compliance burdens on Local Government” (2016) identified that having to provide various reports and datasets to multiple NSW agencies creates a cumulative burden to local government. Proper consideration of the burdens of GREP should be considered before asking local government to participate in this process.

General Comments

Any grants schemes set up under the Climate Change Fund should include selection criteria that recognise the holistic benefits of projects, and these projects not be disadvantaged by having to compete with projects that are focussed on one outcome. For example, it may be desirable to have a local government project with moderate energy savings and identified

environmental co-benefits or community education (i.e. achieving public benefits) rather than a commercial project achieving a higher energy savings.

Due to a lack of resources, smaller councils are disadvantaged by “dollar for dollar” funding schemes as they cannot raise or reallocate funds to match grant funding amounts. LGNSW would recommend that the findings on grants schemes for local government in the IPART review of reporting and compliance burdens on local government be considered in developing new programs.