

Your Reference:

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13 August 2009

Rob Hansen
Research Director
Environment and Resource Committee
Parliament House
BRISBANE QLD 4000

Dear Sir

**Re: Environment and Resource Committee, Paper No.1
Inquiry into Energy Efficiency Improvements**

Energy Efficiency will mean different things for different people, businesses, organisations and industries. In order to adequately address the matter, the Inquiry into Energy Efficiency Improvements requires Council to take the view that energy efficiency is achieved through greater sustainability of current technologies employed in the immediate operations, assets and core business of Council as well as taking on the responsibility of the wider community as Council represents the ratepayers as well.

This unique definition allows Council to provide an alternate view on how energy efficient initiatives, funding and programs could be more readily targeted to the local communities and those local organisations that have the contact and ability to bring about real change.

Council recognises that at present there is a great deal of focus from the Federal and State Government to deliver Energy Efficient Improvements (e.g. lighting, heating, cooling systems as well as lifestyle practices). However Council also recognises that this is a quick fix solution to a greater problem which is heavily embedded in attitudes, perceptions, culture and ideals.

1. Introduction

The Environment and Resources Committee is currently investigating the economic and environmental potential provided by energy efficiency improvements for households; communities; industry; and government.

In undertaking this inquiry, they have asked that vested stakeholders give consideration to the following key points:-

- the economic and environmental costs and benefits arising from energy efficiency improvements;
- potential barriers and impediments to improved energy efficiency;

- potential policy options for energy efficiency improvements, with an emphasis on initiatives that are cost effective for individual producers and consumers; and
- the role of the Carbon Pollution Reduction Scheme and other Commonwealth Government initiatives in encouraging energy efficiency.

2. Background

Australia as a whole is recognised internationally as an energy intensive nation, we are highly industrialised in many aspects of our export industry and have relied significantly on our nations natural resources, at times well beyond sustainable measures.

Furthermore, the Kyoto Agreement 1997 kick-started a global change of mind on how nation's as a whole should be addressing the issue of the depletion of natural resources, increasing sea temperatures and global warming. One such hotly contested term and focus to come from Kyoto was the term of 'Climate Change'.

As a result there has reached a need to:

- a) Meet the commitments of the Kyoto Agreement before Copenhagen 2009.
- b) Find a way to combat Australia's increasing climate change pressures in a manner that brings about change without compromising our economic wealth.

It is now clear that the greatest and quickest changes can be made at home. But this does not stop the momentum that climate change has on our future. As a result the Federal Government is now looking to regulate our nation's activities through a Carbon Emission Trading Scheme. Although the current scheme may result in a double dissolution, there is no doubt by the end of 2011 there will be some form of legal and statutory regulation tool within Australia to combat climate change.

3. Report

The economic and environmental costs and benefits arising from energy efficiency improvements

Economic benefits, for energy efficient improvements such as lighting, heating and cooling systems and improved management practices, are a cost efficient way to quickly reduce energy.

The state government has spent a significant amount of time and energy on programs and funding which is targeted at reducing the energy thirsty nature of households, buildings and business.

At a local government level, Council is concerned that there is limited funding to assist Council in facilitating this change. Council wants to support the community through education, services and assets that are reflective of the changing views on energy efficiency.

Council feels that although there are a lot of solutions to the problem there is little supportive information on how people will benefit, and how the community will benefit.

By recognising this gap Council has spent a significant amount of money to set up a strategic direction, implement tools and establish programs that will support the community as well as assist the community in making and accepting change. Council however was not eligible for the majority of current funding, or funding was offered on a once off basis and due to Council's size (population wise) and perceived capacity to contribute to change were not considered for funding.

Potential barriers and impediments to improved energy efficiency

The barriers that Council currently experiences are as follows -

- Institutional barriers: barriers caused by political institutions, e.g. state government
- Obstacles conditioned by the market: market barriers or market failure.
- Organisational barriers: barriers within organisations, especially within firms.
- Behavioural barriers, barriers within individuals.

Strictly speaking, this is not typical of all barriers, each barrier will within itself present institutional, economic, organisational and behavioural aspects. It is demonstrated that it is empirically impossible to find the 'true' reason behind an energy-conserving action which has not been taken. Barriers cannot be empirically classified because they are invisible. They are real, but not observable.

Council has observed that within our organisation and the local community there needs to be clear leadership for there to be directive action. Council is aiming to be a community leader in this area, but economic barriers and limited funding to achieve these outcomes on behalf of the ratepayer make this a difficult and slow process when the nature of the driving force is to provide an urgent response.

Potential policy options for energy efficiency improvements, with an emphasis on initiatives that are cost effective for individual producers and consumers

Although there is little debate over the importance of energy efficiency in limiting and combating climate change, there is intense debate about its cost-effectiveness and about the government policies that should be pursued to enhance energy efficiency. We can characterise the energy efficient improvements as "technologists" and it has become a marketing tool that the communities are falling into by believing that there are plentiful opportunities for low-cost, or even "negative-cost" improvements in energy efficiency, without realising these opportunities will require active intervention in markets for energy-using equipment to help overcome barriers in promoting the use of more efficient technologies. Most economists, on the other hand, acknowledge that there are "market barriers" to the penetration of various technologies that enhance energy efficiency, but that only some of these barriers represent real "market failures" that reduce economic efficiency.

All in all this is however well outside the realm of an argument that the average ratepayer could have or comprehend when discussing or attempting to make an informed decision about energy efficient technologies. There needs to be a regulated market for approved energy efficient technologies and then subsidised incentives to promote the community, households and business accessing such technologies.

The role of the Carbon Pollution Reduction Scheme and other Commonwealth Government initiatives in encouraging energy efficiency

Council feels there is place for a legislation which promotes and encourages change into heavy industrial and energy consuming industry. However this legislation is far from equitable or finalised. It may be too premature for Council to comment on a legislation that may not pass through the Senate. Council does however feel that like all legislation it could take a hard view or a soft view. There should be provisions if there is a hard view into a transitional period to achieve compliance and there should be significant governmental support for organisations such as local governments, as they are limited in the resources, time and ability to implement such great change.

4. Conclusion

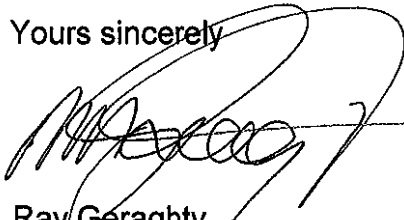
Council has taken the view that there is not a demand so much for energy per se but for more productive, efficient and sustainable energy sources and services. It is therefore evident to focus the discussion of the Senate Enquiry on technical processes of energy consumption and the energy consumption as a whole. Placing energy efficiency, in the context of energy consumption and the appropriate funding solutions as part of a long chain of decisions and actions is required. Therefore, it is appropriate to discuss energy consumption within its social context not just the technology provided to solve the problem.

Barrier models face both the physics of energy consumption and the social character of obstacles to energy efficiency. Energy consumption belongs to the realm of technology and energy conservation to the realm of society.

Banana Shire Council certainly welcomes this inquiry and looks forward to reviewing the outcomes.

Should you require further assistance in relation to this matter, please do not hesitate to contact, Council's Manager Environmental Services, Mr John McDougall on (07) 4992 9500.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ray Geraghty', written over a horizontal line.

Ray Geraghty

CHIEF EXECUTIVE OFFICER