

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Tackling Climate Change in Victorian Communities

Bendigo—Thursday, 19 September 2019

MEMBERS

Mr Darren Cheeseman—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Mr Tim Smith

WITNESSES

Mr Rob Law, Executive Officer, Central Victorian Greenhouse Alliance.

The CHAIR: Welcome to the Legislative Assembly's Environment and Planning Committee's public hearing for the Inquiry into Tackling Climate Change in Victorian Communities. All evidence taken today will be recorded and protected by parliamentary privilege. Therefore you are protected for what you say here today, but if you go outside and repeat the same things, those comments may not be protected by privilege. You will be provided with a proof version of the transcript of today's evidence at the earliest opportunity. Transcripts will ultimately be made public and posted on the Committee's website. As is customary, we will allow 5 to 15 minutes for a presentation, and then the Committee may ask a number of questions. If you could state your name and title before you begin your presentation.

Mr LAW: Thank you, Darren. Rob Law from the Central Victorian Greenhouse Alliance. Thanks very much for having me along today, and thanks to the panel for dedicating time and energy. I think this is a really important inquiry. It is obviously a huge issue, and no doubt you are experiencing that as you get across the state as to how big climate change is in cutting across all aspects of the economy and society, particularly in regional communities. It is something that is impacting communities here and now in a whole range of different ways, and local governments—that is who we primarily represent—are definitely sort of fumbling through, I suppose, in how they help their communities respond to what is a pretty enormous challenge.

I suppose I would just like to start explaining who the Central Vic Greenhouse Alliance is, and it was good that you could hear from Gil before I started. All of the greenhouse alliances across the state are slightly different to one another in how they are governed and set up, but we were the first of the alliances that were set up back in 2000—so coming up to 20 years next year, which is a really good testament, I think, to the local governments who have consistently funded the alliance and seen value in supporting it over that time frame, particularly when lots of other climate change programs have come and gone in that period. The map in my submission shows you the region we cover. It is fairly large—13 councils in central and north-west Victoria—

Ms GREEN: And Mildura.

Mr LAW: And Mildura as of last year, which is great. And where we can we support the Wimmera-Mallee in a lot of our projects too, because we are a lot more resourced, I suppose, having the likes of Bendigo, Ballarat and Mildura in our alliance.

So just quickly on our governance: we have a board of CEOs and councillors from each of the member councils, plus we have a working group of officers across the region that meet quite regularly. That governance structure seems to work quite well for us. We have the ability to get both ends of council in terms of the decision-makers and the operational staff. We are part of a larger network of these alliances that are operating across local governments across the state, with the exception of Barwon south-west—which might be of interest to you, Darren. Also the Gippsland region has a sustainability alliance, but it is a slightly different model. It is less local government focused; it has lots of different community groups.

We serve three functions. We cover regional projects. We work with our member councils to identify projects that can be scaled up. We see what works well at a local level and then replicate it across the region to have more of an impact, or we identify an issue that is common to all of the councils in the region that can be tackled together to have these efficiencies and economies of scale.

I think one of the interesting things about our model is that it has demonstrated that you can tackle climate change in a very bipartisan model. I think if you look at our board, for example, there is no sort of political concentration left or right. There are a very broad spectrum of political views on our board and within all the councils as well across our region. But yes, we sort of manage to find common ground on what the issues are locally and tackle them together. I think over that 20-year period we have got enough runs on the board now that councils have a fair amount of trust and pride in the alliance in being able to achieve bigger and better things than perhaps they could have individually.

That was a bit of a spiel about the greenhouse alliances. I suppose our three functions are the projects. We have done some significant projects in the past. Gil referred to one that we partnered with the Wimmera-Mallee on, which was Lighting the Regions. That was—I forget the exact number—something like 22 600 residential streetlights being changed over. That was the largest streetlight-retrofitting project in Australia. Then we also ran a central Victoria Solar Cities program, which was a federally funded \$50 million project that saw two demonstration solar plants, pretty early on in 2011, being built in Bendigo and Ballarat. Then more recently there was the renewable energy buyers group, which brings together 48 councils across the state to purchase renewable electricity from a Victorian generator. That is currently in the tender stage at the moment, and I know it was mentioned yesterday in Ballarat's presentation.

Another area of work we do is around advocacy for processes like this on behalf of councils but also a lot around energy market reform at the national level. I sit as the sole local government representative, I suppose, on the national energy consumer round table. That way we are able to provide input, but we also take it back to local governments about policies that are changing at the federal level, often by energy market bodies that have implications for councils and their communities. So that is one area that we do.

The final area which is probably harder to measure, but I think is very useful, is around knowledge sharing. We have an annual conference for local government. We had that in July in Melbourne, and that was attended by about 350 staff across the state to share best practice. We have members' forums quite regularly around different topics, whether that is electric vehicles, energy efficiency in council buildings or street trees and that type of thing.

So those are the three functions of our model. I am happy to work through the submission but also to open it up to questions now about any particular things as I go through it. I apologise for how verbose our submission is, but it was just to give a bit of background. It was something that we sent out to our member councils to have input into, and we actually had a little workshop with the officers that provide what we think are some of the key areas. As I mentioned, it is one of those issues that cuts across every aspect of council business in a way. Every service arm of council has to consider how to embed climate change into its operations and service delivery, whether that is corporate services, economic development or land use planning. It was trying to be as succinct as it could be, I suppose, but it is a very challenging inquiry, as you would appreciate.

Just probably focusing, to start with, on the mitigation side of things. We run a number of different programs and we probably have concentrated a lot on energy over the last few years just because there is a strong business case for that, so it is often an easy thing to get councils to buy into. There is obviously a lot of renewable energy development happening across our region that we are all very excited about, and it is stimulating a lot of new jobs in economic development for the regions. We are working on a project with DELWP at the moment to develop this regional road map across the Loddon Mallee councils, and that is really looking at how communities can benefit the most from this transition, understanding what the community's concerns are around things to be aware of with the rollout of large-scale solar and rooftop solar and all these sorts of things and then sort of charting a pathway, I suppose, about how we move through that transition over the next 10 years.

There are a number of things underway in terms of mitigation. I think on the adaptation side of things, I would probably just like to emphasise that it is a lot harder, and I suppose a lot of government programs have less concentration on funding the implementation of adaptation actions. There is a lot of work around strategies and planning. We have done that ourselves and are probably guilty of that. But to get projects that move from that stage into actual implementation, so whole life-cycle project funding, is very difficult for adaptation projects. For our region we make up about 9 per cent of the state's overall emissions, so for us the adaptation side of things is quite important. It is where communities are feeling the impacts of climate change already, and it is where we see a lot of potential benefit and opportunity, I suppose, in how you can, I guess, unlock communities to come up with their own solutions. I think the recent government grant round adaptation for \$1 million really demonstrated there is a real willingness and creativity, I guess, amongst local communities in our region about solutions and what they see as priorities. That is a really good dataset, I think, in the sense that it demonstrates what the themes are from the community, what they see as issues, whether that is heatwaves or flooding or bushfire risk, and how they have designed their responses to them.

So I would reiterate what Gil said about how State Government can support bottom-up action and really tap into that sentiment that we have right across the region, not just concentrated in any one particular area. Probably we are all landing on a similar idea, like the BSG this morning, of somewhere around that \$100 million per year really to try to emphasise the size of the challenge and, I suppose, the need to move away from this sort of ad hoc small pulse funding that comes out every now and then, like that grant round that I just mentioned—the 3CA grants of \$1 million. That is obviously a lot of work for people to put in and then wait for six months to find out if they get \$75 000, and many of them did not. So it is how you can create this longer term funding that looks at full project life cycles and funding implementation as well, not just getting to the feasibility business case stage and then sort of falling off a cliff with no pathway to implement them.

So obviously in an Inquiry like this you will hear lots of people asking for money and things like that, but I think it is a bit more nuanced than that. It is about how you create something that is consistent and long term that people can tap into and feel empowered that they can act on climate change, because I think that is the key there. There is a lot of anxiety and probably concern amongst the community about the size of the challenge. I suppose if there is a sense more so at the federal level that there is political inaction or not much political leadership, that can have a big impact on mental health. So the best way to address that, I think, is to really empower communities to try to take on meaningful solutions and meaningful actions beyond just smaller things like changing light bulbs and riding their bike, which are good, but this is a big challenge. There are big things that need to happen. So that is probably my spiel for now, but I am happy to open it up.

The CHAIR: I might open up with you on this one. So obviously we have had the VRET scheme in place now—I think we have had at least one round of funding—and that is really to support commercial at-scale deployment of renewable energy across the state. We have heard through yesterday and today a number of, more at community scale rather than commercial scale, propositions for renewable energy.

We heard today the concept of using pumped hydro using the mine waters and the mine shafts here in Bendigo. We had evidence from the Hepburn renewable energy community yesterday. We have heard from the Bendigo Sustainability Group the concept of community solar farms to supply not-for-profit sports clubs, social housing, libraries and the like. What is your suggestion in terms of what we might look to do and what recommendations we might consider around how government might best support community-owned renewable energy? I am sort of thinking in that 2 to 10 or 2 to 15-megawatt type. What are your thoughts on how we might bring on more of those projects?

Mr LAW: I think it is on the money in terms of that is the area that I think has the greatest potential to be unlocked through government support, because there is a lot happening in behind the meter space. We run a lot of community energy programs ourselves around residential solar and businesses and trying to lift the number of, say, agribusinesses or houses that have solar. But in that space where you have the large-scale and the small-scale and the middle chunk in between, it is very hard to get projects up. I think there is a number of models that could be tested and piloted as to how that is best gone about. I know some are advocating for a feed-in tariff perhaps for community energy groups to access to improve the business case, whereas the likes of Renewable Newstead are working on something that is trying to bend the energy market rules a bit—so that is something they are working with more at a federal level with the energy market bodies in testing. There is a whole range of different models that could be piloted and tested across the state to try and see what is the thing that pushes through. I think there is definitely the option of carving out a portion of the VRET for supporting that range. That would be really valuable and would be supportive of local communities as well, whether that is them taking part ownership of a larger farm or being able to do something that Bendigo BSG are trying to do at the moment.

The CHAIR: I was just going to ask on that: from your perspective in terms of the scale we are talking about here, is it a grant-type arrangement or do you think it is a low-interest loan-type arrangement where if the project proceeds that loan is paid back to whatever the entity is—a Victorian clean energy corporation or whatever it is that we call it?

Mr LAW: Yes, sure. I think it is less about finance. I think there is probably a fair bit of finance out there for this type of project. It is the business case itself that is challenging to make it stack up at that scale, because it does not have the economies of scale yet. It tips over thresholds that require a lot bigger costs around network studies and things like that. I think some grant or some subsidy to try to seed fund these things from happening

to see what works and what does not work and trial and more demonstrations. I think the micro-grid demonstration initiative the State has been running is a really good program in that sense, because that is something that is again a huge opportunity in our region, particularly around the Buloke-Charlton region where there is a lot of network issues and a lot of supply issues. We are working with those communities around how you can investigate and pursue some of those opportunities around local supply.

Interestingly, I think when the road map comes out for our region, that will be provided to the State, that has done a lot of community engagement across the region. There is a really strong sentiment for local, whether it is ownership or some sense of local resilience and energy supply, and then they see that the large-scale stuff is something that is provided to Melbourne and other states. But there is a really strong sentiment to really lift what towns and communities generate themselves for their own purposes. Gil mentioned that earlier as well.

Mr MORRIS: A couple of things: you were saying it is almost traditional to ask for money. I was trying to remember how many people have not asked us for money in the last two days, and I think Gil probably was about the only person right from the first 5 minutes of Ballarat's submission yesterday morning—\$150 million a year is a big ask.

Mr LAW: It is a big ask commensurate, I think, with the size of the challenge. And if you think about the Solar Homes package, it is somewhere in line with that but also in line with the subscription to the recent grants too. But it is also what the Australian Local Government Association has put forward federally, so it is not necessarily—

Mr MORRIS: I was interested in that \$10 billion figure.

Mr LAW: It is plucking the figure out of the air.

Mr MORRIS: And I checked the footnote. It really did not tell me much.

Mr LAW: It is a rubbery figure. It is plucking one out of the air probably just to try and land somewhere on what we think is needed to really get these things happening. I think there are a whole range of different measures the State Government can do—policy levers and legislation and things—that can assist local governments particularly. One of them is the *Planning and Environment Act*. I think just having the word 'climate change' in that Act is very important and would actually filter out through a lot of the planning and building systems, and that does not require funding. There are things that councils are doing like the renewable energy PPA. We do not need money for that. That is sort of happening and something that is solid enough. So there are things that have strong business cases, but there are things that have business cases where the benefits are indirect or harder to measure. That is usually the adaptation side of things, where I think that support is probably more needed. I think your point about the loans earlier taps into probably a challenge with local government being a little bit averse to taking out debts. That is one of the things we have tried in the past to get councils together to say, 'Let's debt finance this because the business case stacks up'. Even sort of trying to encourage councils to take up those options as well is good, because they have had low-interest finance for some time now through the MAV and others that they have access to—

Ms GREEN: But there has just been a recent announcement though that State Government will assist local governments in borrowing at our AAA credit rating rates.

Mr LAW: Yes, great. Sure.

Ms GREEN: So that is an extra.

Mr LAW: That is good, yes, and I think there is still a cultural barrier that probably could be worked through with a bit more nudging, I guess, of councils.

Mr MORRIS: Probably perhaps more in this region than perhaps in the city. It is more of a cultural thing.

Mr LAW: That is right. Yes, exactly. Absolutely.

Mr MORRIS: Coming back to the figure, and recognising that it is just a figure, I think it is an important point but I would really like to see a little more rigour in the ask.

Mr LAW: Sure.

Mr MORRIS: And that is not being critical of you or local government generally.

Mr LAW: No, that is right.

Mr MORRIS: But as I mentioned earlier, we are constantly getting these—and I am sitting on the opposition side—but government, Parliament, whatever, has been hearing the refrain for a very long time, ‘We need more money, we need more money, we need more money’, almost to the point where you stop listening. I think that is a bad thing in this case. It is a very bad thing.

Mr LAW: That is right. I appreciate that, yes.

Mr MORRIS: A little more specificity in the ask would probably increase significantly the chances—it is hard for us, even if we are unanimous on it, to go back and make a recommendation without being able to say this is what—

Ms GREEN: Do you mind if I augment that, David? Because I was going to segue into the fact that I am interested in, whatever the figure is, how you would leverage that with business. I think particularly probably in small towns you might have a bigger chance. We might have some of our big users, but you identified the power shortages in places like Charlton. I cannot think off the top of my head of some of the employees there, but Donald, for example, and the industry path that they have got there and some of them—

Mr LAW: Birchip Cropping Group.

Ms GREEN: Philosophically, because they are producing vegetarian food, you would think that they would be an obvious one and might be limited in their expansion with their generation. What is your relationship with those and how would you leverage, on David’s point, with whatever money you have got or even what you are existing on now?

Mr LAW: And I suppose it is not so much CVGA. We do not need money in the sense of our governance. We are set up as a model, it is more like communities across the region that have access to something that is a bit more—I would not want to get hung up on the amount probably at the moment. It is really just this idea of something significant enough that reflects the size of the challenge, because it is something that cuts across so many different areas but it is also something that communities are really wanting to do stuff for.

Ms GREEN: But how do you connect into business?

Mr LAW: There are opportunities there absolutely, and I think renewable generators are the biggest opportunity there. Groups like Waubra community get \$100 000 a year from the wind farm. That is a lot of money for a group like that.

Ms GREEN: Which community—Waubra?

Mr LAW: Waubra. Similarly we are doing work as well to help communities understand what they can negotiate and advocate for in that space with private developers. That is very important. So there are opportunities there. Trying to put a number in, given the fact that we have not had the time to do the proper assessment, we are also working across the alliances to understand the financial implications of climate change on them.

Ms GREEN: I am trying to tease out the relationships, though, because it is quite clear that you have got local government there and community members, but in terms of business and being able to talk to them, because they have all got their heads down and bums up—pardon me, sorry—

Mr LAW: That is all right.

Ms GREEN: doing their jobs, they might not be aware of this stuff. So if you are able to get in front of their faces and say, 'Our communities want to do this and this could save you money'. So how is the maturity of the relationships with agribusiness in particular or other businesses in small towns? Because Tanunda I have been to in the Barossa—I am not sure whether you have ever been there—and there are 4500 people there and one business owner who has got a chain of homewares stores throughout South Australia called Wohlers, and he has put solar panels on his roof and has then augmented it, but with batteries. But even when he only just had the solar he was able to generate enough electricity for his own use and 50 per cent of the commercial users in that town of 4500, and he personally had invested \$300 000.

Mr LAW: Yes, that is right.

Ms GREEN: That is pretty significant.

Mr LAW: It is. Yes, sure. So those relationships happen, and we have got a project underway around electric vehicle charging, for example, which we would probably look to private investor partnerships with councils rather than needing significant State funding. So there are things underway for different sets of issues that have a natural partner or a natural opportunity, and we are working closely with regional State Government about how you might facilitate that more and get it happening more often with industry and other partners to leverage regional funds into these towns for this kind of purpose. But the biggest opportunities are obviously the renewable generators because it is a lot of money coming into the region and a lot of money going out of the region too. So how you capture that and keep it locally is one of the priorities.

Ms GREEN: Thanks for letting me cut in, David.

Mr MORRIS: Just going to the issue of organics and particularly your comments around FOGO. In the submission, Rob, you say:

Establishing organic processing facilities at several regional locations ...

How do you see that working?

Mr LAW: I was hoping you would not ask me anything on that particular point, because it is the only point in the submission that I personally didn't have much input on, we do not do too much around the waste. Our councils do, obviously, but we (CVGA) kind of leave it to the waste management groups because it is their space, in a way, and we have been told that a few times. So we have got some things in there based on what council has told us, but for me to talk to it with too much knowledge would be a bit of a struggle if that is all right.

Mr MORRIS: Fair enough. We will take it up with the waste management groups if you like.

Mr LAW: Yes.

Mr HAMER: Just to go back to the funding request, I was just wondering whether there are specific priorities within that large ask. Is that from energy generation, or is it—

Mr LAW: The funding request is more geared towards that broader community pool of money rather than us or the council.

Mr HAMER: Yes, I understand that.

Mr LAW: I think energy has had a lot of attention and I think that is great, and it is probably time to shift into other sectors like transport and ag and adaptation and things that are a bit harder and need a bit more of a boost, because there is a lot underway in the energy space and the business cases for a lot of energy programs stack up now on their own. We are running lots of solar programs without any external funding and that is fine.

I draw your attention probably just to one short-term priority for local governments, which we have been advocating for or asking for in a partnership model with the State for a long time now, and that has been around the major road lighting—so it is about 200 000 lights across the state. That is cost-shared at the moment between State Government and local government in terms of who pays the bills and the maintenance for it. So

there is a shared incentive, I suppose, in that for local governments in our region we have done the business case and we are ready to go in terms of changing those lights over and managing that process. The savings are huge for State Government and huge for local government—a six-eight year payback. It is, in a sense, a bit of a no-brainer, but it has been one of those weird situations where you have an asset that is not owned by local or state government—it is owned by Powercor—but we share the costs of the energy bills and its operation. We have had lots of meetings with the roads ministers over the years that have kind of felt like they have gone nowhere, so we are trying to raise that one up again as something—

Ms GREEN: The most recent one—the current one, I mean?

Mr LAW: Yes. They have sort of come back and suggested coming up with a model whereby council pays for everything up front and then the State pays them back. That is not really something that smaller councils are keen on. Some councils would be happy with that—bigger ones in metro areas perhaps—but not in our region. We have tested the waters. They would like to see that they pay 60 per cent of the cost and that the State pays their share—an equitable cost-share model relative to the amount that you pay for the actual bills. That is just something to flag as a pretty easy win, but it is a pretty big emissions reduction project, and across the state it could be staggered out over a number of years.

Mr MORRIS: Rob, you mentioned that energy has had a fair crack and perhaps it is time to look at other things. When we were talking to Hepburn yesterday about the net zero program 41 per cent of emissions they identified as coming from agriculture. When I explored how they saw that being tackled, basically the response was, ‘Well, it’s very early days and it’s an issue, but what’s on the paper are things that we might explore’. I am not dismissing the sentiment or the even the action—you have got to start somewhere—but has your group given any thought to that aspect of it?

Mr LAW: Yes. In our region it is a little bit less. In the whole region it is about 29 per cent of our overall emissions, but still a big chunk. There are a lot of groups out there that are doing some pretty progressive things in this space, and Birchip Cropping Group is one of them. They have got a forum for farmers on climate change at the end of October, and part of that is around on-farm energy use, which is helpful. The biggest source is obviously around cows and methane, and that is a tricky one to deal with without pushing a certain agenda. But equally there are a lot of new farming practices taking place in our region—particularly regenerative agriculture. It has been pretty amazing actually over the last few years just how many farmers are getting on board with that where they are looking at changing their practices to build more soil carbon in the soils.

The CHAIR: This is agroforestry, those types of—

Mr LAW: Yes. It is sort of an umbrella term for lots of those sorts of things, but that is something that is moving with quite a lot of pace. There are things underway that could be further supported, I suppose. It is not starting from a base of no farmers being interested and our having to get them on board. I think there are actually a surprising number of farmers in our region that are looking at different ways to do things.

Ms GREEN: Thanks, Rob.

Mr LAW: Thanks, everyone. Thanks very much.

The CHAIR: I am exhausted as well. Thank you.

Witness withdrew.