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19 APR 2010

Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/ Madam

I refer to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the Green Loans Program.

Please find attached Tasmania's submission.

Thank you for the opportunity to provide a submission to the Inquiry.

Yours faithfully

Rhys Edwards
Secretary

Senate Standing Committee on Environment, Communications and the Arts - Inquiry into the Green Loans Program

Tasmania's Submission

April 2010

Introduction:

Tasmania supports the Green Loans Program as a means for addressing barriers to the uptake of energy efficiency measures. In particular, Tasmania supports the sustainability assessment (audit) component of the program as these assessments assist households to identify energy efficiency and sustainability measures that suit their individual circumstances. Such an approach enables households to adopt such measures through providing information and advice.

Background and contextual information:

A number of changes to the Green Loans Program were announced by the Minister for Climate Change, Energy Efficiency and Water, Senator the Hon. Penny Wong in March 2010, following the transfer of energy efficiency (and its associated programs) to her portfolio. These changes included the discontinuation of the interest-free loans component of the program and changes relating to sustainability assessments. The changes to the sustainability assessments have been made to improve the quality of assessments and to ensure a fair spread of assessments between assessors.

This submission specifically addresses part (a) (ii) (A) of the Terms of Reference for the Green Loans Program Senate Inquiry – 'employment and investment in Home Sustainability Assessments resulting from the program, including that resulting from Government statements regarding the number of accredited assessors'.

Response to the Terms of Reference (part (a) (ii) (A)):

Often energy sources for electricity in regional and remote Australia are non-renewable, fossil fuels such as diesel. Regional and remote communities are therefore susceptible to the availability of fuel supply, as well as higher greenhouse gas emissions levels and often higher electricity costs. Therefore, there are significant benefits to be gained from improving the access of these communities to energy efficiency programs such as the Green Loans Program and considering specific barriers that may be hindering the uptake of this program (and other programs such as the Commonwealth Government's Solar Hot Water Rebate Program) by these communities.

The caps that have been imposed on sustainability assessors and assessments (three assessments per assessor per day and five assessments per assessor per week) have placed regional and rural areas around Australia at a disadvantage in accessing sustainability assessments. This is due to the extended period of time the assessors will need to allocate to undertake the assessments with a cap in place. This occurred with the Tasmanian Government's Bass Strait Islands Energy Efficiency Project.

The Tasmanian Government's project, which was announced in December 2009, was designed to facilitate the access of residents of King Island and the Furneaux Islands (the Bass Strait Islands) to the Commonwealth Government's energy efficiency programs, including the Green Loans Program. Electricity on the Bass Strait Islands is generated mainly from relatively carbon intensive diesel generators, which is costly and is subsidised by the Tasmanian Government. The rationale of the project was to reduce the use (and therefore the cost) and emissions intensity of electricity for residents of the Bass Strait Islands.

The Tasmanian Government's project aims to reduce the barriers of time and cost for assessors (and suppliers and installers of energy efficient equipment) and to increase the attractiveness of sustainability assessments and other energy efficiency initiatives to be taken up on the Bass Strait Islands. This is intended to be achieved by coordinating and facilitating bulk sustainability assessments, to take place in a concentrated period of time, and bulk purchasing of energy efficient equipment.

The introduction of caps on the number of assessments is likely to be a disincentive to sustainability assessors to visit the Bass Strait Islands. This is due to the extended period of time assessors would need to allocate to undertake the assessments with a cap in place.

Tasmania considers that bulk assessments are a far more efficient model in these areas than individuals accessing assessments on an ad hoc basis. It is therefore recommended that the Committee consider additional provisions for regional and remote areas of Australia which involve a controlled and monitored relaxing of the cap on assessments to allow regional and remote communities to access assessments as communities rather than as individual households.

The announcement that the total number of assessors to be contracted under the program would be capped at 5 000 does not appear to take into account the current number of assessors within each state and any associated inequities. Tasmania's preference would be for regional or state based quotas to be set to ensure that there are adequate numbers of assessors in Tasmania and recognising the value of sustainability assessments for regional and remote areas. It may therefore be useful for the Committee to identify the number of assessors in each state and territory.

From an economic stimulus perspective, it is acknowledged that the changes to the Green Loans Program may enable the program to meet its objectives. However, this approach does not necessarily provide the best outcomes for regional and remote communities that often have the most to benefit from programs such as the Green Loans Program.