

Coalition Members' Dissenting Report

Introduction

Background

1.1 On 1 January 2000, the Howard Coalition Government introduced the Photovoltaic Rebate Program (PVRP). This initiative made cash rebates available to households to install grid-connected or stand alone photovoltaic (PV) systems. Under the PVRP, \$31 million was committed over four years by the then-Commonwealth Government. Another Howard Government initiative, the Australian Greenhouse Office (established in 1998), was charged with the administration of the program.

1.2 Following the success of the 2000 program, and in recognition of the worldwide growth of solar PV, the Howard Government introduced a direct rebate under the program to Australian consumers of \$4 per kilowatt, up to a maximum of \$4,000. With the PVRP due to expire in June 2007, a budget announcement in May 2007 of a \$150 million expansion of the program over a five year period signalled the Coalition's commitment to the ongoing reduction of carbon emissions.

1.3 Under the expanded program, rebates of up to \$8,000 were made available for households installing eligible PV system. In addition, grants of up to \$12,000 were made available to schools and public buildings to install PV panels.

1.4 In response to fear that the PVRP would be oversubscribed, then-Prime Minister Howard provided a very clear commitment that funds would be made available to meet demand under the expanded program:

[The PVRP] is a demand-driven program. So as many households as want it, can have it ... (and) if it turns out to be more popular, well, more money will be made available.¹

1.5 In the year following the budget announcement and the implementation of the \$8,000 rebate, total watts installed across all Australian states and territories rose from 250,000 in April 2007 to a high of approximately 850,000 in April 2008², indicating a huge increase that can be directly attributable to the increased rebate.

1.6 The \$8,000 rebate, coupled with the Prime Minister's announcement indicating a firm level of support for PV, increased awareness among Australians of renewable energy and solar in particular, and signalled a strengthening of Australia's emerging solar industry. It also provided the solar industry with the confidence to

1 Prime Minister John Howard, *Sunrise* program, Channel 7, 9 May 2007.

2 Department of Environment, Water, Heritage and the Arts, <http://www.environment.gov.au/settlements/renewable/pv/pubs/wattsbymonth-june08.xls> (accessed 12 August 2008).

invest in expanding businesses and encouraged many new entrants to gain the qualifications required to enter the industry:

The demand created by the PV Rebate program has driven large-scale investment by businesses, individuals and training institutions in the solar PV power industry. This has meant an upskilling of many electricians, investment in new technologies and installation methodologies.³

1.7 The first budget of the new Rudd Government contained the surprise announcement of the introduction of a mean test to the program. Despite being renamed the Solar Homes and Communities Plan (SHCP), the rebate was now available to less homes in fewer communities. Effective immediately following the 13 May budget, only households with an annual taxable income of less than \$100,000 are now eligible for a rebate. In addition, the five year PVRP was reduced to three years, eliminating the ability of industry to undertake long term planning or develop business models due to uncertainty surrounding the continuation of the SHCP.

1.8 Despite the vocal campaigning of the Labor Party on environmental and climate change issues prior to the 2007 election, including statements made by then Opposition Leader Kevin Rudd while visiting a solar installation business, this budget measure stood in stark contrast to the clear commitment of the previous Coalition Government to meet demand for the program, deliver maximum environment benefits and provide absolute certainty to industry.

1.9 In response to an outcry from those involved in the solar industry and average Australian households committed to reducing their carbon footprint but over the low threshold for the means test, the opposition introduced a bill into Parliament mandating a process by which the responsible Minister determines guidelines for the SHCP. The Save Our Solar [Solar Rebate Protection] Bill 2008 [No. 2] ensures that the guidelines 'would be subject to Parliamentary scrutiny and potential disallowance by either House of Parliament under section 42 of the *Legislative Instruments Act 2003*'.

3 Conergy Pty Ltd, *Submission 98*, p. 2.