

Kirsten Miller

The Hon Peter Garrett AM, MP  
Minister for Environment, Heritage and the Arts  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

23 June 2008

Dear Minister Garrett

### **Solar Rebate Scheme**

I am writing to urge you to reconsider your recent decision to means test the solar rebate scheme. We were one of the hundreds of households who cancelled our order for solar panels following this decision.

As you will be aware, the solar rebate scheme was introduced to achieve an extremely important environmental aim, to encourage the increase of renewable energy uptake in a bid to reduce greenhouse gas emissions and help halt global warming. Its aim was a public benefit one, an environmental benefit for all society. The economic benefit for households participating in the scheme is minimal, if any. The substantial cost of installing a photovoltaic array means that the upfront costs are not likely to be recovered for between ten and twenty years. Many householders will have moved houses before that time and consequently not reap any economic benefit.

The Government's decision to cut the rebate for households earning more than \$100,000 has meant that, based on the Government's own figures which show that an income of \$120,000 is required to service a mortgage for a median priced house in Sydney, the rebate will now only be available to the lower income households. This means test will make this scheme ineffective. To date the vast majority of households participating in the scheme earn over \$100,000. Not surprisingly, households earning less than this amount would not often choose to make a substantial financial outlay for something which would not provide them with any economic benefit, or at best would deliver a long term economic benefit.

It is not clear why the Government has chosen to apply a lower income threshold for a solar rebate scheme, which has a purely public environmental benefit, than that applied to other schemes, such as the baby bonus. Unlike the baby bonus, which is unlikely to largely affect a person's decision to have a child (where the small one off payment is a miniscule proportion of the total cost of raising a child), the solar rebate is likely to greatly influence a person's decision to install solar panels.

Without a substantial rebate the cost of solar panels is prohibitively expensive for most households faced with current mortgage rate rises, petrol price rises and increased food prices.

The benefits of the rebate scheme are clear, a reduction in greenhouse gas emissions through the take up of renewable energy. Further, from our personal experience, one of the additional flow on benefits of the scheme is the indirect effect of reducing electricity consumption. In researching the appropriate size array to offset our household's electricity use, we became much more aware of our electricity consumption and took steps to reduce consumption.

With the Government committed to reduce emissions by 2020, solar rebate schemes play an important role in achieving these reductions. This is particularly critical as a recently released report predicts that residential energy consumption is likely to rise by 56% by 2020. To assist in the fight against global warming the renewable energy industry is crucial. Australia should be fostering local renewable energy industries, not driving them overseas.

In light of the comments above I would appreciate your reply to the following:

- i) what additional measures will the government introduce to encourage the take up of renewable energy to offset the effect of this policy decision;
- ii) what additional measures will the government introduce to encourage a decrease in electricity consumption;
- iii) what are the costed savings for the introduction of a means test as compared to the cost of subsidies provided to the fossil-fuel based energy industry;
- iv) how will the Government prevent the collapse of the local solar energy industry and the movement of this important industry overseas as a result of this decision.

If you decide not to reintroduce a non means tested \$8,000 rebate, I would urge you to consider the following options as alternatives:

- i) a non means tested reduced rebate (eg a \$5,000 rebate);
- ii) a means tested rebate based on a higher household income;
- iii) a national feed in tariff scheme.

I look forward to your reconsideration of this decision and your reply. I would appreciate a reply to each of the particular issues I have raised above, rather than a general response which does not answer the particular questions raised.

Yours sincerely

Kirsten Miller

cc The Hon Kevin Rudd MP, Prime Minister