

Coalition Senators' Additional Comments

Introduction

The Coalition is impressed with the issues raised by the Committee and believes that they are certainly worthy of consideration.

However, the Coalition are of the opinion that the proposals listed here can stand on their own and there should be no link to:

- Carbon Pollution Reduction Scheme Bill 2010;
- Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2010;
- Australian Climate Change Regulatory Authority Bill 2010;
- Carbon Pollution Reduction Scheme (Charges – Customs) Bill 2010;
- Carbon Pollution Reduction Scheme (Charges – Excise) Bill 2010;
- Carbon Pollution Reduction Scheme (Charges – General) Bill 2010;
- Carbon Pollution Reduction Scheme (CPRS Fuel Credits) Bill 2010;
- Carbon Pollution Reduction Scheme (CPRS Fuel Credits) (Consequential Amendments) Bill 2010;
- Excise Tariff Amendment (Carbon Pollution Reduction Scheme) Bill 2010;
- Customs Tariff Amendment (Carbon Pollution Reduction Scheme) Bill 2010;
and
- Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2010.

Additionally, any such programme needs to be considered in light of the Green Loans and Home Insulation Programs

Stand-alone program

As stated in Chapter 5, the Property Council of Australia pointed out that the existing and proposed programs designed to improve the energy efficiency of buildings should be tested before additional programmes are added.¹ This was elaborated in the hearings.

... The National Strategy on Energy Efficiency and the climate change action programs which were launched mid last year contain a large number

1 Property Council of Australia, *Submission 5*, p. 1-2.

of specific programs that either address or touch upon improvements in energy and carbon performance—the greenhouse gas emissions from the built environment. Indeed, at our last count, adding them all up, there are about 54. I am happy to table an analysis of all of these bills. My point in raising this issue is that there is a lot going on in this area which is yet to be tested and which we believe will result in a substantial improvement in the energy efficiency of non-residential buildings. So to add a further program at this time before the other programs have been properly tested does not optimise the public policy approach to improving energy efficiency in buildings.²

Similarly, the Energy Efficiency Council argued that targeted incentives would really help building owners sit up and notice.³

While several submitters claimed that these were complementary to a Carbon Pollution Reduction Scheme (CPRS), it is the view of the Coalition that the proposals before the Committee can be applied independently of the CPRS. As pointed out by the Energy Efficiency Council:

...Leaders around the world are rapidly turning to energy efficiency. Obama committed \$26 billion to energy efficiency in 2009. Europe aims to cut its energy demand by 20 per cent by 2020. China is actually one of the world leaders in energy efficiency and aims to cut its energy use per unit of GDP. It was 20 per cent by 2020 and they have just upped that target. This is going to create a huge demand for energy efficiency services and products around the world. Global revenues ... from climate related businesses have grown a staggering 75 per cent over the past year. In one year they grew 75 per cent to reach US\$530 billion. That is from HSBC, which is one of the world's largest banks. They estimate it could reach US\$2 trillion by 2020. As you can see, energy efficiency currently forms 31 per cent of the pie. That is \$164 billion per year. The German government actually believes there is already over \$500 billion in energy efficient services and products. It depends where you draw the boundary in energy efficiency. We are looking at a sector that could very easily exceed—even by HSBC's estimate—\$600 billion per year. That is a really huge opportunity.⁴

The importance of energy efficiency is one that is often underestimated and has much potential to reduce Australia's carbon emissions.

2 Mr Paul Verwer, Property Council of Australia, *Proof Committee Hansard*, p. 2.

3 Mr Rob Murray-Leach, *Proof Committee Hansard*, 12 February 2010, p. 16.

4 Mr Rob Murray-Leach, *Proof Committee Hansard*, 12 February 2010, p. 9.

Green Loans and Home Insulation Programs scandals

Given the recent problems with the implementation of both the Home Insulation Program and the Green Loans Program, it needs to be noted that good intentions are not sufficient. There also needs to be competency of implementation.

Clearly, there needs to be a proper rollout of this program should this be introduced. With the new Home Insulation program to resume just three months after the debacle of the previous Home Insulation program, there is no guarantee that the same problems will not arise. The fact that the Minister and staff within the Department of the Environment, Heritage and the Arts were provided with repeated warnings of the risks to installers among other issues is extremely concerning.⁵ The operations of a program that would require building operators to retro-fit or new buildings to add additional costs through the measures proposed would have to be properly operated and the Department does not appear to be able to handle such a role appropriately.

Similarly, the Green Loans program has been poorly run, with the Auditor General being called in to investigate the program after just over six months of the program starting.⁶ Even the industry association charged by Environment Minister Peter Garrett to accredit the army of green assessors slammed the scheme as poorly managed and lacking quality checks.⁷

Association of Building Sustainability Assessors chairman Wayne Floyd said tens of thousands of home owners, eligible for the \$10,000 interest-free loans, were now likely to miss out on the Rudd government's new March 22 deadline on the loans.⁸

A further point to make on this issue is that even the banks started walking away from the scheme quickly.

Although the loan component of the scheme ends on March 22, Westpac and ANZ have said they are not taking any new applications.⁹

As a result of the introduction of a cap on the number of jobs any individual assessor

5 Padraic Murphy, 'Peter Garrett roofing insulation plan 'a lethal mix of ignorance and neglect'', *The Herald Sun*, 26 February 2010, <http://www.heraldsun.com.au/news/peter-garrett-roofing-insulation-plan-a-lethal-mix-of-ignorance-and-neglect/story-e6frf7jo-1225834939870> , accessed 8 March 2010.

6 Rosslyn Beeby, 'Scrutiny on green scheme for homes', *Canberra Times*, 10 February 2010, p. 1 and p. 6.

7 Michael McKenna, 'Green loan scheme 'hijacked'', *The Australian*, 5 March 2010, p. 6.

8 Michael McKenna, 'Green loan scheme 'hijacked'', *The Australian*, 5 March 2010, p. 6.

9 Rosslyn Beeby, 'Govt's green loans 'debacle' to be audited', *Canberra Times*, 26 February 2010, p. 4.

can do, several companies have been forced to lay off staff employed to do the assessments to start with.¹⁰

Conclusion

The Coalition understands that energy efficiency is an important issue and can be used to help combat Australia's carbon emissions.

The fact that the programs being recommended by this Bill could stand alone needs to be considered as an option for reducing carbon emissions. Further to that, any such program needs to be carefully considered to ensure that it is implemented properly, not just thrown together with good intentions.

Senator Alan Eggleston

Senator David Bushby

Deputy Chair

10 Nicola Berkovic, 'Green assessors lose jobs', *The Australian*, 8 March 2010, p. 5.