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MINISTER FOR THE ENVIRONMENT, HERITAGE AND THE ARTS

SPEECH TO THE APPROPRIATE TECHNOLOGY RETAILERS ASSOCIATION OF AUSTRALIA CONFERENCE

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Introduction

I want to acknowledge the Aboriginal people of this country and pay my respects to their elders, past and present.

I would also like to acknowledge:

- Brooke Miller (Regional Director for Australia of BP Solar)
- Rosemary Warnock (CEO Clean Energy Council)
- Richard McIndoe (Chair of the Clean Energy Council Board)
- Board members, ATRAA Committee and delegates.

It is a great pleasure to be here in Melbourne on the final day of your national conference, and thank you to the Clean Energy Council for hosting this event and for the invitation to speak.

We stand at a critical point in this nation's response to the challenge of climate change.

The scope of that challenge is, as scientific and economic experts remind us with increasing urgency, one with profound economic, social and environmental consequences.

The future of our economy and way of life, the future of our farmlands, our rich tourist areas, from our cities to Australia's Antarctic Territory, all are at risk, for simply put, the consequences of climate change inaction are potentially devastating.

But they also present opportunities, as we set about reducing Australia's carbon pollution over the long term at least cost.

As we enable households to take practical action to reduce their energy use.

And as we tap into the innovative and dynamic capacities of our renewable energy and energy efficiency practitioners.

The fact this conference is organised by industry for industry – as it was described to me, “boots, not suits” – means many of you in this room are on the front line of our response to climate change and are already grasping these opportunities.

And that is what I want to talk to you about today.

Addressing the challenge of climate change

We are barely past eight months into the Rudd Labor Government, and already we are deeply engaged in the necessary and long overdue steps to begin reducing Australia’s carbon pollution.

You would have seen last month the Government, through Climate Change Minister Penny Wong, set out our proposals for the design of an emissions trading scheme for Australia in the form of the Carbon Pollution Reduction Scheme Green Paper.

We have also released a consultation paper on the Renewable Energy Target, advancing our commitment to ensure 20 per cent of Australia’s energy will come from renewable sources by 2020.

And this follows the commitment of more than \$1 billion to household and community energy efficiency and renewable energy – programs which I know you have a significant interest in, and which I will say more about later.

But before we dive into the detail, I want to make clear that this is a conversation that can’t happen in a vacuum, nor be defined simply by specific programs at specific times. It must be a conversation that happens as part of a comprehensive approach to tackling climate change.

Quite simply, if you don’t have a plan to address climate change, then you don’t have a plan for clean and renewable energy.

And if you don’t have a plan for renewable energy, you have no plan for the future of Australia’s solar industry.

As the Prime Minister has noted, the totality of measures this Government is advancing, centred around the Carbon Pollution Reduction Scheme, means we stand on the brink of a very different landscape.

Meeting our target of 60 per cent reduction in greenhouse gas emissions will require nothing short of a transformation in the functioning of our economy,

our communities and households, and of industries, particularly the renewables sector.

It will see changes to some of the programs and measures that those of you in this room are familiar with.

It will see a shift away from the approach of the last 12 years; 12 years of policies that were ad-hoc, fragmented and in every sense inadequate to the climate change challenge.

This massive task requires an approach that is strategic, economically responsible and environmentally effective.

The Carbon Pollution Reduction Scheme and the Renewable Energy Target

The most critical step in reducing our emissions over time is recognising the real costs of using fossil fuels, and by implication, the very real benefits of switching to clean and renewable energy and enhancing energy efficiency.

And this is where the Carbon Pollution Reduction Scheme represents a profound economic reform.

For the first time, the market for renewable energy, including solar, will reflect the price of carbon-intensive fossil fuels.

Incentives to pollute will be replaced with incentives to innovate, and renewable energy technologies will compete on a playing field that is fundamentally transformed.

And as you know, the Carbon Pollution Reduction Scheme will be complemented by an expanded Renewable Energy Target.

This delivers on the Government's commitment to ensure the proportion of Australia's energy coming from renewable sources is 20 per cent by 2020.

More than four times the previous Government's target, the national Renewable Energy Target will accelerate the deployment of renewable energy in this country.

It will lower the cost of long-term abatement by driving renewable investment and capacity in the electricity sector, and it will reduce red-tape by bringing existing and proposed state and territory schemes into a single national scheme.

The Renewable Energy Target is a transitional measure, to be phased out between 2020 and 2030 as the Carbon Pollution Reduction Scheme matures.

And this is an important point, because as I emphasised earlier, if you're fair dinkum about tackling climate change, then you need a plan for clean and renewable energy that sees it competing in the mainstream.

This means bringing renewable and solar energy in from the margins, not isolated, but integrated in our future energy mix.

Household assistance measures

The transformations required to put a price on carbon and reduce our environmental impact won't be cost-free.

And it is here that the Government has made a very clear undertaking, through the Green Paper, to assist Australian households in the transition to the Carbon Pollution Reduction Scheme.

This undertaking builds on a significant platform we're already putting in place, with a commitment of more than \$1 billion to household and community energy efficiency and renewable energy in the Government's first Budget.

And it's not just the scale of the commitment here –it's the strategy which drives it.

This is about deploying technologies where they are needed most, for example the \$150 million Low Emission Plan for Renters, providing rebates for installing energy-efficient insulation in rental homes.

It's about helping households make smarter choices for energy efficient products by expanding, accelerating and strengthening energy rating labels and standards for appliances, like televisions.

It's about transforming markets away from the most inefficient and costly products, for example through the accelerated phase-out of inefficient lighting, through rebates for solar hot water systems to replace inefficient systems, and working with the States and Territories to phase-out the most inefficient systems over time.

And it's about integrating these approaches with innovative financing arrangements, like Green Loans, a \$300 million commitment to deliver Green Renovation packs, sustainability assessments, and low-interest loans for energy and water efficiency – including solar PV - to up to 200,000 households from early 2009.

These are commitments we made prior to the last election and commitments we are now delivering.

National Solar Schools Program

We are also delivering the most significant commitment to solar PV in this country's history.

On July 1, the National Solar Schools Program opened for business, and is already well on track to making more than 9,000 schools around Australia 'solar schools'.

Solar Schools represents a commitment of almost half a billion dollars, and 40 per cent of this – the best part of \$200 million - is earmarked for investment in solar power systems.

By providing grants of up to \$50,000 for minimum 2 kilowatt solar PV systems, along with additional energy and water efficiency measures, we are making a significant investment not only in energy and water savings, but in providing every primary and secondary student in Australia with a working example of solar power.

And this will definitely increase the profile of solar power around the country, because it won't matter where your child goes to school, in a few short years from now when parents go to pick their kids from school, they will see an array of photovoltaic panels on their school roofs.

That's why we're calling on accredited suppliers to get behind this program and help install solar power systems in our schools.

The Solar Homes and Communities Plan

I want to briefly provide some background on the Solar Homes and Communities Plan.

Before the election, we undertook through the \$150 million Solar Homes and Communities Plan to provide rebates for solar panels for up to 3,000 homes a year over five years.

I know I don't need to remind you that in the Federal Budget, the Government put in place a means test of \$100,000 taxable family income for household rebates under the Solar Homes and Communities Plan.

We did this for a very simple reason – because as with any program, public funding is not unlimited, and we took steps to ensure funding went to those households that most need financial assistance to install solar panels.

The idea of targeting public funds in this way is not without precedent. In fact, my predecessor, then-Environment Minister Malcolm Turnbull, put in place an identical means test for the provision of rebates for solar hot water systems.

But we took an additional step in the Budget, and that was to bring forward more than \$25 million into the current financial year, providing 6,000 rebates – double our election commitment, double what the previous Government allocated and more rebates than were provided in 2007/08.

It's worth saying something about the history of solar rebates under the previous Government.

When the former Photovoltaic Rebate Programme commenced in 1999, it provided rebates of \$8,250 for a maximum 1.5 kilowatt system.

A year later, this was reduced to a maximum rebate of \$7,500.

Three years later, in 2003, it was virtually halved to a maximum of \$4,000 for a 1 kilowatt system. And it was widely reported the program was set to end completely.

That was of course until we got to 2007, when a Government that had spent the best part of 12 years pretending climate change didn't exist scrambled for an eleventh-hour makeover.

Make no mistake, this came from a Howard Government that went out of its way to deride the place of solar in the mainstream, a Government with a nuclear obsession, and a government that refused to expand the renewable energy target, despite evidence that investors and innovators were leaving our shores in droves.

To put this in perspective, the rebate program we inherited from the previous Government had a budget of some \$6 million just over two years ago, and at the time of the last Coalition Budget, when the rebate was doubled, applications received averaged some 30 per week.

By the time of the first Rudd Labor Government Budget, 12 months later, this average had grown to over 360 – growth of close to 1300 per cent.

Since the Budget, I have said consistently that we would continue to monitor the uptake of rebates and continue our dialogue with the solar industry – and that is exactly what we have done.

I believe this is the prudent approach, to ensure we have clear information about the uptake of rebates. To make presumptions without evidence creates false expectations and confusion for the industry – and I think that is a great pity.

On that basis, I can inform the industry that rebate applications have grown at significant levels since the Federal Budget.

In fact, households have accessed this program at record levels, with an average of 522 weekly applications since the budget.

For example, the week beginning Monday 16 June, we received a record number of 565 applications – that was until the following week when we received a new record of 794.

The current average since the Budget, up to and including last week, is higher than in any single week before the Budget and throughout this program's history.

It is also 150 applications per week higher than in the four weeks prior to when the means test was put in place.

This confirms that the Government took the right step in bringing funds forward for this program and ensuring that they go to those Australian families that most need financial assistance to install solar systems in their homes.

I can also confirm in the year of the first Rudd Labor Government Budget, there will be more Commonwealth funding for solar power, and critically, more installations of solar power systems, than in any year in Australia's history.

Let me say this very clearly – the Government is committed to the future of the Australian solar industry, committed to providing assistance to those households who most need it, and we will continue meeting demand in this program.

Additional support for solar

In addition to the Solar Homes and Communities Plan, we're continuing to support solar PV through the Renewable Remote Power Generation Program, which provides up to half the cost of solar power systems for people not connected to a mains electricity supply.

We have provided an additional \$18.8 million for new Solar Cities in Perth and Coburg, Victoria.

As I have already mentioned, our \$300 million Green Loans program will provide low-interest loans for up to 200,000 households to reduce their energy and water usage, including through solar PV, from early next year.

And the level of support for solar PV will be amplified further as various feed-in tariffs come online.

As you know, several States and Territories in Australia are putting in place, or are considering, feed-in tariff schemes to further support the use of solar PV systems and, possibly, other forms of micro renewable energy.

I am well aware that these feed-in tariff schemes can differ significantly in their design and this is causing some angst.

The Australian Government recognises that adopting an approach that is as consistent as possible across the country can go a long way in helping reduce the regulatory burden and costs on the electricity market, as well as on consumers.

Through the next COAG meeting in October the Government plans to work towards a harmonised approach to renewable energy feed-in tariffs.

Solar power into the future

The sum of these measures, including Renewable Energy Certificates from the Mandatory Renewable Energy Target, is significant.

I have no hesitation in standing before you and saying this range of policies presents more support than this industry has ever had.

The very fact that more solar panels will go onto Australian rooftops in the year of the Rudd Labor Government's first Budget is proof of that.

But what I want to say very clearly is that the idea we can achieve significant reductions in carbon pollution – the reductions we need – from the open-ended, non means-tested provision of \$8,000 rebates for any technology is not only financially irresponsible, it's environmentally misguided.

It's no way to build a solar industry with a strong and sure footing, the industry this country needs, as we rise to meet the great challenge of climate change.

If solar power in all its forms is going to play the role those of you here believe it can - and quite frankly, that is must - in our future energy mix, then it needs to become a mainstream solution.

That means being competitive in the market over time.

And that means being part of the solution in the transition to the Carbon Pollution Reduction Scheme.

The energy efficiency agenda

As I've said, the Government has made an undertaking that we will provide assistance for Australian households to take practical action, reducing their energy use, saving on energy bills, and of course making a contribution to tackling climate change.

And this forms part of a broader agenda this Government is advancing to enhance Australia's energy efficiency across the economy.

The Carbon Pollution Reduction Scheme is very much the centrepiece of our mitigation efforts.

But this must be complemented by measures to address market failures and barriers to the uptake of energy efficiency, many of which will persist, particularly through the early years of our adjustment to a low-carbon economy.

As with climate change policy more broadly, action on energy efficiency has been fragmented and uncoordinated for too long.

The neglect by the Liberal-National Party Coalition to seriously address this issue was and remains palpable.

According to International Energy Agency indicators, Australia's improvements in energy efficiency between 1990 and 2005 have lagged behind other OECD countries.

Turning this around will not only lower the cost of reductions in carbon pollution, it will produce co-benefits like improved energy security, business competitiveness and consumer welfare.

There is a strong need for national leadership in this area, and that is what we intend to provide.

I will shortly begin a series of roundtables with key stakeholders on practical action households can take to save on energy bills and reduce their environmental impact.

The roundtables will include representatives of the community, NGOs, business groups and industries, including the energy services and renewable energy sectors.

These discussions will inform the household assistance measures the Government details later this year, as we head towards the Carbon Pollution Reduction Scheme White Paper.

We will look at Government support for a range of technologies, including solar, to fully appreciate the role they can play to help Australian households save on energy bills, reduce their environmental impact, and in so doing, understand the best way to target that support.

This is a critical process we are undertaking in the months ahead, and throughout this consultation process, we will continue to meet demand for those Australians who most need assistance to put solar panels on their roof.

We recognise that the industry faces a number of issues, including new and emerging business models, some on a scale we haven't seen in the past, and I look forward to hearing from you what the industry, in these changing times, considers critical for discussion.

So I invite you today to be part of these consultations, to step up and seize the opportunities as we move towards the Carbon Pollution Reduction Scheme; to not look only at the short-term horizon but to consider what a strong and vibrant industry should look like in the future.

Conclusion

As I have said already, we are on the cusp of a landscape where the market conditions for renewable energy, including solar power, will look very different.

This Government is committed to a Carbon Pollution Reduction Scheme, and we intend to introduce it in 2010.

We are committed to a target to ensure 20 per cent of Australia's energy will come from renewable sources by 2020.

What we ask of you as an industry is to take the next steps, to let us know the issues that you face, and to understand the role you can play in helping all Australians, as we set about taking responsible and decisive action to address dangerous climate change.

We have already brought forward the largest ever package of measures to support the solar industry, because we understand the science, we understand the potential – and we understand that for Australia, sunlight is one of our greatest natural resources.

Thank you.

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