



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**PROOF**

**BILLS**

**Solar Hot Water Rebate Bill 2012**

**Second Reading**

**SPEECH**

**Thursday, 22 March 2012**

BY AUTHORITY OF THE SENATE

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## SPEECH

<p><b>Date</b> Thursday, 22 March 2012  <b>Page</b> 2  <b>Questioner</b>  <b>Speaker</b> Urquhart, Sen Anne</p>	<p><b>Source</b> Senate  <b>Proof</b> Yes  <b>Responder</b>  <b>Question No.</b></p>
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**Senator URQUHART** (Tasmania) (09:54): I rise to speak on the Solar Hot Water Rebate Bill 2012, another private member's bill from the opposition that is nothing more than opportunistic grandstanding. While this side of parliament has provided more support to renewable energy than any government in Australian history, the opposition put forward a bill that will do nothing to help Australia make the transition to a clean energy future. It merely continues the attitude of those opposite of all show and no delivery—no regard for fiscal responsibility, no regard for the guidelines of a scheme that has been in place for many years and is merely ending at the time that those guidelines prescribed. It is grandstanding at its absolute worst and it is why those opposite face their big black hole of \$70 billion of unfunded commitments—and just this week the Minister for Finance and Deregulation, Minister Wong, has done the numbers, and the coalition would deliver a \$9 billion deficit. This bill is another irresponsible measure in a long line of irresponsible measures. On and on they go with their one goal of wrecking every responsible measure this government implements—on and on, promising, promising, promising but never with a plan for Australia's future.

The Renewable Energy Bonus Scheme was not closed early. The scheme from the beginning was not designed to be an ongoing program. The scheme offered a rebate of \$1,000 for the installation of a solar hot-water system and \$600 on a heat pump system. It was for households to install a new hot-water system when replacing an electric storage hot-water system in an existing home. The scheme did not apply to the new-building market. When the program was announced on 17 July 2007, under the Howard government, the scheme was funded until 30 June 2012. This is the date that the scheme will end. It is obvious that those opposite do not even understand a program that they implemented.

Because people have four months to apply for the rebate, in order for the scheme to finish on 30 June 2012 it was necessary to announce the closure of the scheme on 28 February 2012. That is what this government did. This meant that everyone that bought an eligible system had an equal amount of time to apply for the rebate. I repeat: in order for the scheme to end on the date that was prescribed when the scheme was announced by the Howard government, it was

responsible and prudent to announce its closure on 28 February 2012. The Gillard Labor government has stuck with this time frame because we are committed to being fiscally responsible and acting in the long-term interests of industry as we move to a clean energy future. Announcing the scheme's closure any later would not have given people the full four months to apply for their rebate, potentially disadvantaging those people that purchased a solar hot-water system after this time. It would have been misleading to delay announcing the scheme's closure.

Further, announcing closure of the scheme any earlier would have exposed the program budget to serious risk of overspend due to unanticipated demand. It is common practice that, if someone calls last drinks, people will rush up to grab what they can. It was therefore fiscally responsible of this government to announce the end of the scheme on 28 February 2012, four months before the scheme ends. I imagine that, had we delayed the announcement of the closure, those opposite would be up in arms calling us fiscally irresponsible. On this, the last sitting day before Easter, it is a matter of having your chocolate cake and eating it too.

We on this side take the budget very seriously. We understand that you have to cost policies and you have to fund them. That is what we have certainly done in our budget. That is what we have done in the mid-year review. The alternative approach is to do what the opposition is doing, which is to try and hide your \$70 billion black hole, not tell anybody what your budget position is, not tell anybody what you are going to cut, not tell anybody how you are going to fund anything and certainly not do any proper costings. What we continue to see from the opposition is a game of hide-and-seek—trying to hide from the Australian people the true position of their budget because the opposition know that, every day, they wave goodbye to the \$70 billion black hole as they keep making more and more promises that they cannot fund. Luckily for them, the finance minister, Minister Wong, this week announced that an Abbott coalition government would deliver a \$9 billion deficit. Yes, with all their huff and bluster about fiscal responsibility, they have promised so much to so many that, even after the global financial crisis, as Australia's economy begins to improve, they would be unable to deliver a budget surplus. It is lucky for the country that they are not in government.

Not only do those opposite make promises they cannot fund and therefore cannot keep; they do not bother to read the program guidelines. Program guidelines released in 2009 reaffirmed the closure date of 30 June 2012. Industry was aware of the closing date. Rheem, a large player in the industry, had advertised an earlier end date of March 2012, rather than the June 2012 end date. There are hardly grounds here to claim that the government caught everybody napping.

There are two bills before this parliament on this topic: one introduced in the other place by the member for Flinders, Mr Hunt, and the other that we are debating here today from Senator Birmingham. It is quite a nice little stunt bill because it contains just three substantive lines:

### **3 Amount appropriated for Solar Hot Water Rebate Scheme to be spent**

(1) This section applies to the amount specified in the *Appropriation Act (No. 1) 2011- 20 12* for Outcome 1 for the Department of Climate Change and Energy Efficiency.

(2) The amount, to the extent that it was appropriated for the purposes of the Renewable Energy Bonus Scheme—Solar Hot Water Rebate, must be applied for expenditure for that purpose.

Mr Hunt and Senator Birmingham have put forward similar bills, which effectively require the government to restart the Solar Hot Water Rebate Scheme by requiring that money allocated in the budget is expended on the rebate program. They require that exactly the sum which has been appropriated for this purpose be expended for this purpose, even though it is a demand-driven program and it is standard practice for a department to slightly overestimate demand, and therefore the budget allocation, as any shortfall has to be met within the department's budget allocation.

The Australian public are worried by the fiscal irresponsibility of those opposite. The Australian people are worried about what vital government service those opposite will attack to try to pay for their unfunded, irresponsible promises. I wonder if Mr Hunt and Senator Birmingham have run their numbers by Mr Robb and Mr Hockey. I wonder if Senator Cormann was locked out of the room again, this time, like he was on their superannuation backflip that the coalition has not figured out how to pay for.

We on this side understand that the Solar Hot Water Rebate Scheme was a demand-driven program. As such, any extension to the program would have substantial budget implications. It would result in a substantial and unquantifiable impact on the budget.

For instance, when the solar photovoltaic rebate was closed, and a day's notice was given, around \$384 million in applications were received on or immediately after the closing date—\$384 million in one day. The decision made by the government to not give notice, to not call last drinks in this instance, is evidence of a Labor government committed to fiscal responsibility. It would be fiscally irresponsible to re-open the program. It would confuse households, increase uncertainty for business and expose the administering department to significant budget risk. That is because an administering department manages demand-driven programs by slightly overestimating demand, as any shortfall has to be met within the department's budget allocation. It is therefore vital to ensure that there are not any last-drink runs, like that which the opposition proposes. It is vital that this scheme be ended as planned and that these bills be voted down.

The Gillard Labor government is taking the responsible steps to manage the budget and to move our economy to a clean energy future. Since coming to office in 2007, we have boosted funding for the Renewable Energy Buyback Scheme to enable 25,000 more installations than promised by the coalition government. In total, this scheme cost taxpayers over \$320 million and delivered around 250,000 installations. After the program ends on 30 June 2012, the government will continue providing ongoing incentives for installing solar hot-water systems. These incentives are numerous and include: the introduction of a carbon price from 1 July 2012, which will provide a long-term incentive for households and businesses to install cleaner hot-water systems; the Renewable Energy Target, which will continue to provide support until 2020, with consumers offered a discount of up to \$1,000 for installing a solar hot-water system in a new or existing home; and support worth over \$330 million under the Low Carbon Communities program for the installation of solar hot-water heaters.

Also, manufacturers can seek assistance under the Clean Technology Innovation Program, with \$800 million available to support further innovation and product improvement. This will give the solar hot-water industry an incentive to retool and modernise the manufacture of these units, providing practical assistance to manufacturing businesses while supporting the incentives created by the carbon price to improve energy efficiency for use of energy from cleaner sources.

I also note that in most jurisdictions electric storage hot-water systems cannot be installed in new homes, meaning that households must install a solar heat pump or gas system. Most jurisdictions are also progressively banning electric storage hot-water systems in existing

homes when an existing system fails and cannot be repaired. Furthermore, government is also considering a national energy savings initiative which, if adopted, will provide an incentive to solar hot water. Also, I understand that federal, state and territory governments are working on mandatory disclosure methods for energy performance information for homes when offered for sale or for rent. These reforms will provide information about the value of solar hot water to prospective buyers and renters.

This government has measures to assist the hot-water industry now and has plans for measures in the future. This government has provided more support for renewable energy than any government in Australian history. Our current policy settings are designed to transition to a clean energy future and that future includes solar hot water. We are interested in real solutions—funded solutions—while the opposition through this bill once again demonstrates that it is more interested in opportunistic grandstanding, more interested in irresponsibly throwing cash around whenever it sees fit, and unfortunately not interested at all in how Australia can make the transition to a clean energy future.

What Senator Birmingham and Mr Hunt are suggesting, would require us to reopen the scheme but they know we cannot do this with a demand-driven scheme as it would cause a spike in demand. It is the sort of stunt that you would expect from a party that is trapped in a \$70 billion budget black hole and whose only way out is to spend, spend, spend.

The government is ending the scheme on time, as it was always destined to do—not scrapped, not early, and in total accordance with the guidelines. This was a bridging program that was always meant to finish upon the introduction of a carbon price. Do those opposite remember that when this program commenced it was coalition policy to introduce a carbon price—although not without confusion from their former leader? To remind them, this is what happened during 2007. One day in question time, Prime Minister Howard seemed to tell the parliament he believed the jury was still out on the connection between human activity and climate change. Remarkably, after such a statement, he was actually back in the House of Representatives within hours. He had to return because he needed to clarify that he had apparently misheard the question. Prime Minister Howard then went on to state that he believed the science was clear and he went to the 2007 election backing the Sherrod report and committing to an emissions trading scheme. That is right—everyone knows those opposite took to the 2007 election their established scheme of five years of subsidies for solar hot-water systems, their commitment that climate change is real and that an emissions trading scheme

was the best way forward. Now this government is taking the responsible steps to wind up a program which those opposite started, set the end date for and put in place to be a lead-in to a carbon price, but all those opposite can do is to sink deeper into their \$70 billion black hole.

At least we on this side of the chamber have our priorities right. We are getting on with the job of governing for all Australians, especially the most disadvantaged and at risk in our community. Just this week we passed the Minerals Resource Rent Tax Bill 2011, a reform which will spread the wealth of the mining boom to all Australians and strengthen our economy for the future. We are using the mining tax to boost the superannuation savings of low-income Australians by up to \$500 per year and by removing the tax on super for people earning up to \$37,000. This will assist 3.6 million low-income earners, including 2.1 million women, to save for a decent retirement. And while we are at it we are giving small businesses a tax cut and investing in much needed infrastructure in regional Australia. Labor understands that, for a stronger Australia, we need to bring all Australians along. Also this week we passed the Road Safety Remuneration Bill 2011, the Building and Construction Industry Improvement Amendment (Transition to Fair Work) Bill 2012 and the Fair Work Amendment (Textile, Clothing and Footwear Industry) Bill 2011.

The Road Safety Remuneration Bill will promote safety and fairness in the road transport industry. The Building and Construction Industry Improvement Amendment (Transition to Fair Work) Bill will replace the ABCC with a new body to provide a balanced framework for cooperative and productive workplace relations in the building and construction industry. The Fair Work Amendment (Textile, Clothing and Footwear Industry) Bill will provide enhanced workplace protection for Australia's most vulnerable workers, in particular outworkers.

This Labor government is delivering for hardworking Australians. This Labor government is demonstrating responsible fiscal governance. This Labor government has a 40-year plan to combat dangerous climate change in a way that transitions our economy in the cheapest, most efficient way possible.

Labor's plan sets out a strategy to cut Australia's emissions by 80 per cent on 2000 levels by 2050. Simple examination of the opposition's plan reveals a massive problem. They have a costly plan to cut emissions by the bipartisan target of five per cent of 2000 levels by 2020. Labor's plan is centred on the introduction of a carbon price from 1 July 2012. Beginning with a fixed price of \$23 per tonne of carbon

dioxide emitted, this price will be a price signal for industry and will rise at 2½ per cent a year in real terms for three years. On 1 July 2015 we move to a floating price, with a floor price of \$15 and a ceiling price \$20 above the expected international price to minimise volatility. Reducing carbon pollution is good for our environment and important for our future. With this plan we will reduce pollution and create new jobs while supporting households. It is time to act and to act decisively.

Those opposite pretend that they care for the long-term good of this great nation, yet they forget one simple fact: the sooner we act, the cheaper it will be. Acting now will cost money; no-one is arguing that it will not. We are seeking to make the 500 biggest polluters pay and assist households and industry through the transition. Those opposite are seeking to make every Australian pay through using general government revenue to give subsidies to polluters. But they do not think it is necessary to have a policy to cut emissions beyond that level and that date, as though miraculously in 2020—after having repealed our efficient, effective abatement scheme and having wasted taxpayers' dollars on picking currently unproven winners—the problem of climate change will be solved. Somehow they dream that Australia's obligations will be met, that Australia's economy will have transitioned and that they will move on to the things they enjoy best, like stripping workers' entitlements and giving tax cuts to those who need them least.

This bill is a stunt. It will do nothing to support the solar hot water industry nor will it assist the environment. I repeat that Labor has provided more support to renewable energy than any government in Australia's history. All the while the opposition grandstand on this issue, putting forward a bill that will do nothing to help Australia make the transition to a clean energy future. I urge senators to vote down this bill.