



2016/17 State Budget Analysis: Energy and climate change

TasCOSS has a vision of a Tasmania where

Vulnerable Tasmanian households will be able to reduce their energy usage and costs, know where to go for assistance and avoid disconnection.

Analysis

Notwithstanding the absence of detail about the *Energy Efficiency Loan Scheme* announced in the Budget Papers, TasCOSS welcomes this scheme that will provide ‘up to \$10Million in loan funding’ to increase access to energy efficiency products for small businesses and households. We await further details about the scheme which is due to start in the 2016-17 financial year. However, TasCOSS recognises that not all Tasmanian households are in a financial position to take out a loan, including an interest free loan; furthermore, the 26.4% of Tasmanians who live in rental properties are also unlikely to benefit from the scheme.

TasCOSS is disappointed that no energy efficiency programs for low income households have been funded by this government. For many years TasCOSS has been calling on the Government to renew its investment in energy efficiency programs for low-income households. Previous governments have funded energy efficiency programs for low-income earners in rental properties (both public and private); not only was assistance provided at no cost to participants, the programs were very effective in improving the energy efficiency of dwellings and increasing the affordability of electricity for participating households.

The Government’s Draft *Climate Change Action Plan* proposed that the Government provide energy efficient electric heaters to 100, and insulation to 50 Housing Tasmania properties over five years. While TasCOSS welcomes this proposal, we are critical of the very small numbers involved and we labelled the proposal ‘a very poor effort’ in our submission to the Government on its Draft *Climate Change Action Plan*.

TasCOSS maintains that increasing the energy efficiency of dwellings is the single most effective, long-term measure that can be taken to increase the affordability of household electricity, and to increase comfort and health outcomes for many Tasmanian families living on low incomes.

The establishment of an *Energy Security Taskforce* is both a significant and expensive move (\$3Million over two years). It follows a comprehensive deliberative process undertaken by the Government to establish its Tasmanian Energy Strategy. Funding has been allocated for several initiatives from that strategy, most notably—and expensively—over \$2Million to ‘advance the case for a nationally funded

second interconnector' (note that this was also a Liberal Party election promise). Funds for this have appeared in State Budgets in 2014-15, 2015-16 and again in 2016-17.

Initiatives

Energy Efficiency

Among the 'key deliverables' of the Department of State Growth was the announcement that the Government 'is in partnership with Aurora Energy ... developing a Tasmanian Energy Efficiency Loan Scheme.' It explained that the new scheme 'will facilitate no interest loans to support small business and households invest in a range of energy efficiency products', and 'up to \$10Million of loan funding will be made available to support the scheme with the final design to be announced in coming months.' There appears to be no funding allocated for this program in the Budget and few other details are currently available.

Energy security

In response to the recent energy supply crisis that saw both Hydro storage fall to very low levels and the failure of the Basslink undersea cable, the Government has established an Energy Security Taskforce and provided funding for it in this Budget through the Finance-General Division. The Taskforce will 'undertake an energy security risk assessment and provide advice on further measures to enhance energy security.' The Taskforce comprises as Chair Geoff Willis (former Chair of Aurora Energy), Sibylle Krieger (a current non-executive director of the Australian Energy Market Operator and a former member of Independent Pricing and Regulatory Tribunal in NSW), and Tony Concannon (the current Chair of Reach Solar Energy, a former executive director of International Power and previous Chair of the Electricity Supply Association of Australia).

\$3Million in funding is provided over two years for the Taskforce and for reviews into Government businesses, including continuing reviews of Forestry Tasmania and the Retirement Benefits Fund.

Gaps

Climate change

There were no announcements in the Budget on climate change initiatives; however, we expect to see a final version of the Tasmanian *Climate Change Action Plan* released in September (following public consultation on a Draft *Climate Change Action Plan* that ended in March this year). This *Action Plan* will identify strategies that we hope will receive funding outside of the budget cycle, including a proposal from TasCOSS to provide 'energy literacy' workshops for frontline community sector workers across Tasmania.

Energy efficiency programs for low-income households

No additional money was provided in this Budget to assist low-income households that are not in the existing Aurora Energy-run YES (Hardship) Program. Some energy efficiency assistance to households in financial hardship continues to be available through a program announced in the 2015-16 Budget that is supported by the Government.

[More detail can be found in TasCOSS's 2016/17 Budget Priorities Submission](#)