



LEAN SUBMISSION TO COST OF LIVING CAUCUS COMMITTEE

Table of recommendations

Recommendation 1:

Labor should make renewable energy and energy efficiency central to its message and strategies not only on environment but on jobs and the economy, including on cost of living.

Recommendation 2:

Labor should support and promote a meaningful Renewable Energy Target to 2020 as a cost of living strategy

Recommendation 3:

Labor's cost of living strategy should include a commitment for Labor in government to extend the Renewable Energy Target beyond 2020. This should include commitment to have the next RET review conducted by the Climate Change Authority as the law already provides, with a view to setting further, cost effective renewable energy targets to 2030.

Recommendation 4:

Labor should commit to reducing cost of living pressures through acting (in cooperation with other levels of government and with industry) to substantially improve access to rooftop solar power for consumers and small business.

Recommendation 5:

Labor should, at a minimum, consider a national version of Victorian Labor's energy efficiency commitments as a major cost of living initiative, and consult with building and energy efficiency industry experts on potential for further expansion of the Victorian scheme.

Recommendation 6:

Labor should commit to ensuring national leadership on energy efficiency in new housing and construction.

Recommendation 7:

Labor should promote improved consumer information on energy efficiency, including standardised bills and in appropriate cases minimum efficiency standards, as cost of living priorities.

Recommendation 8:

Labor should commit to and promote review of the National Electricity Market, including anti-competitive elements, as a major cost of living agenda.

Recommendation 9:

The Federal Labor Climate Change and Energy Ministers should be the same person, to deliver policy coherence to maximise protection for consumers, particularly in relation to energy prices.

Recommendation 10:

Labor should adopt the recommendations of the Climate Change Authority on improved light vehicle emission and efficiency standards as part of addressing cost of living pressures.

Recommendation 11:

Labor should promote cost of living benefits of sustainable communities and technologies in all relevant areas of policy.

Recommendation 12:

Labor should continue to support carbon pricing through the market mechanism of an Emissions Trading Scheme, and consider means by which dividends from emissions trading might be more directly seen by consumers as offsetting cost of living pressures.

Contact:

Felicity Wade and Mounir Kiwan
LEAN Co-convenors

felicity@lean.net.au

October 13, 2014

A clean energy future now offers pathways to lower cost of living

When Labor first set out to ensure that Australia did its share against global warming, we faced a truly “wicked problem”.

As recently as 2007, climate action asked current generations to bear some costs, so that future generations (and the natural environment) would not have to bear greater costs of inaction.

Since then, however, while the need for climate action has become even more clear and urgent, the challenge has changed.

Developments in the technology and economics of renewable energy mean that a clean energy future no longer means present generations incurring substantial costs for the benefit of future and distant generations.

Instead, actions in this area now involve the familiar Labor tradition of stopping consumers from being ripped off by entrenched interests.

Support for renewable energy is already increasing competition in electricity markets and driving wholesale power prices down.

The more than a million households who put solar power on their roof during Labor's last term in government already understand that investment in clean energy and energy efficiency pays off better and faster now than most other investments, and delivers reduced household energy costs from day one.

The payoff will only get better as renewable technology advances, and as other sources of energy (in particular gas) come under increased cost pressures.

Labor State branches are adopting major platform commitments on renewable energy and energy efficiency as central to their strategies not only on the environment but on the economy and jobs.

Renewable Energy Target

Tony Abbott claimed that the Renewable Energy Target was driving up power prices.

Yet even hand-picked research for his own hand-picked review showed that the RET is a very minor factor in current power prices; and that in the medium term and into the future, maintenance of the RET would lead to power prices being lower than they would otherwise be.

Increasing the size of the renewable energy sector will increasingly put downward pressure on electricity prices set by currently dominant market players. Supporting renewable energy initiatives will have a beneficial impact on cost of living.

Maintenance of a meaningful Renewable Energy Target to 2020 should be supported as a cost of living strategy even if climate change, as well as air quality, water and other impacts from fossil fuel power stations, were not the issues they are.

Recommendation 2: Labor should support and promote a meaningful Renewable Energy Target to 2020 as a cost of living strategy

Recommendation 3: Labor's cost of living strategy should include a commitment for Labor in government to extend the Renewable Energy Target beyond 2020. This should include commitment to have the next RET review conducted by the Climate Change Authority as the law already provides, with a view to setting further, cost effective renewable energy targets to 2030.

Rooftop solar as a cost of living strategy

Labor policy in support of renewable energy overall has already helped with cost of living pressures. Rooftop solar power helped keep network demand down and kept power prices from spiking out of control during the heatwaves last Australian summer.

Rooftop solar power has helped households directly with cost of living through electricity and gas bills.

But there are still millions more households, as well as small businesses, whose power bills could be slashed through access to rooftop solar.

Priorities could include

- improving ease of access to finance for rooftop solar power (including through enhanced ARENA and CEFC roles in conjunction with commercial providers)
- removing barriers to access in rental and apartment living (including in co-operation with industry bodies)
- overcoming any anti-competitive barriers from existing interests against rooftop solar installation
- ensuring that training and other workforce measures are in place to enable rooftop solar installation to keep pace (effectively and safely) with increasing demand
- providing national leadership on access to rooftop solar energy in public housing and in new construction and new housing developments.

Recommendation 4: Labor should commit to reducing cost of living pressures through acting (in cooperation with other levels of government and with industry) to substantially improve access to rooftop solar power for consumers and small business.

Energy efficiency

The Climate Change Authority and other experts have promoted improved efforts on energy efficiency as a means for achieving substantial greenhouse gas emissions. As with rooftop solar, investment in energy efficiency now also offers sufficiently rapid payback in saved energy costs to deserve promotion as a major cost of living strategy.

This was recognised - in a backhand way - when the present Liberal National government of Victoria opposed the previous Labor government's Victorian Energy Efficiency Target (VEET) scheme, explicitly on the basis that it involved a transfer of wealth from existing electricity generators to the public. Precisely.

Victorian Labor has committed to restoring the VEET and to pursuing a “million stars” initiative to increase the cumulative energy stars rating of Victoria's housing stock by one million.

Recommendation 5: Labor should, at a minimum, consider a national version of Victorian Labor’s energy efficiency commitments as a major cost of living initiative, and consult with building and energy efficiency industry experts on potential for further expansion of the Victorian scheme.

Recommendation 6: Labor should commit to ensuring national leadership on energy efficiency in new housing and construction.

Energy efficiency in consumer appliances offers substantial cost savings for consumers. The price of the electricity wasted by relatively inefficient lights still on supermarket shelves would be likely to outweigh the cost impact found by Treasury to result for supermarket items from carbon pricing under the Clean Energy Package, for example.

Recommendation 7: Labor should promote improved consumer information on energy efficiency, including standardised bills and in appropriate cases minimum efficiency standards, as cost of living priorities.

Network electricity costs

Network costs have a much greater share of responsibility for electricity price rises in recent years compared to carbon pricing. Tony Abbott cannot again be allowed to succeed with a deceitful campaign to obscure these facts.

Labor was right to support a Senate inquiry on this issue, and needs to follow through (when that Inquiry reports in March 2015, or before) with more substantial work of its own, including commitment to review of the National Electricity Market, as a major cost of living agenda.

Recommendation 8: Labor should commit to and promote review of the National Electricity Market, including anti-competitive elements, as a major cost of living agenda.

Resolving Policy Contradictions

In August 2012 Prime Minister Gillard made an important speech to the *Energy Policy Institute of Australia* in which she addressed the major culprits in household electricity price rises and called on the states to address them including unnecessary infrastructure upgrades and price gouging.

This was an important attempt to address the larger issues which have driven spiralling electricity prices. Sadly however her Government’s Energy White Paper released in November 2012 did not address the urgent need to reform the electricity market in the interest of consumers or even to fully acknowledge the implications of the landmark reforms of carbon pricing.

Recommendation 9: The Federal Labor Climate Change and Energy Ministers should be the same person, to deliver policy coherence to maximise protection for consumers, particularly in relation to energy prices.

Vehicle emissions and efficiency

The Climate Change Authority recommended in February 2014 that emissions standards for light vehicles be enhanced. As noted by the Authority, this offers motorists cost savings, by also improving fuel efficiency.

Recommendation 10: Labor should adopt the recommendations of the Climate Change Authority on improved light vehicle emission and efficiency standards as part of addressing cost of living pressures.

Longer term strategies

Several other Labor policy priority areas which are important for climate and environmental outcomes may not receive high profile attention in the current Cost of Living Caucus Committee process, but do have relevance to cost of living which should be part of Labor's continuing work in this area. Labor since Gough Whitlam has been right to focus on livable and productive cities, for example:

- Federal leadership on cities including long average commuting times to work (the "drive in drive out suburbs" phenomenon highlighted by Anthony Albanese) has potential implications for cost of living (as well of course for quality of life)
- Availability of public transport (including Labor's support for reinstated Infrastructure Australia linked funding), and design of cities for other alternatives to driving, also has cost of living implications.
- Federal leadership on availability of re-charging facilities for electric cars and motorbikes (including on national standards for consistency) is likely to be important in ensuring that consumers benefit from cost reductions over time through broader adoption of these vehicles, and through electric vehicles serving as a form of power storage.

Recommendation 11: Labor should promote cost of living benefits of sustainable communities and technologies in all relevant areas of policy.

Carbon pricing

Labor has been right to commit to taking an Emissions Trading Scheme to the next election. Labor was already by 2012 able to price carbon with very little impact on other prices (as correctly predicted by Treasury), and with most households being fully compensated for what impacts there were.

Tony Abbott's claims of cost of living as justification for dismantling a working carbon price, and refusing to take up Labor's option for immediate transition to an internationally linked Emissions Trading Scheme, are increasingly being exposed.

In the development of details of policy in this area, LEAN supports measures to make it even clearer than under the 2012 Clean Energy Package that Labor's policy is for polluters to pay the public (while Tony Abbott's policy is for the public to pay polluters).

The continued transformation of the economics of renewable energy will mean increased opportunities for emissions trading to provide clean energy dividends for households (and for the economy overall).

LEAN supports the dividends from emissions trading being linked as closely as possible with dividends for households. Given the changing economics of renewable energy and, for example, the returns to the Budget achieved by the CEFC, there may be a case for considering receipts from emissions trading as wholly available for consumer dividends, and justifying (very substantially enhanced) investment in renewable energy as investments.

Recommendation 12: Labor should continue to support carbon pricing through the market mechanism of an Emissions Trading Scheme, and consider means by which dividends from emissions trading might be more directly seen by consumers as offsetting cost of living pressures.