



Tasmanian Council of Social Service
response to the

***Draft Climate Change Strategy for
Tasmania***

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The Tasmanian Council of Social Service (TasCOSS) is the peak body for the community service sector in Tasmania. Its membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, the public, the private sector and to the media.

TasCOSS welcomes this opportunity to comment on the *Draft Climate Change Strategy for Tasmania*. While climate change is not obviously within our area of expertise, its effects are various and we have an interest in a number of the issues discussed in the *Draft Strategy*, especially those that may particularly affect low income and vulnerable Tasmanians.

In general, TasCOSS is concerned with issues of access, affordability and equity. In the context of the *Draft Strategy*, we are concerned that some of the measures proposed to address greenhouse gas emissions and climate change may have unintended consequences that make the costs of essential services, such as transport, housing and household energy supply, less affordable to Tasmanians who live on low incomes. Advances, for instance, in improving the energy efficiency of urban transport and of new domestic dwellings come at a cost and may have the unintended effect of increasing prices to consumers of transport and housing. Tasmania is currently experiencing a serious affordable housing shortage, and initiatives that result in increased housing costs will exacerbate the problem.

It is our view that the actions and initiatives put forward in this *Draft Strategy* must be assessed, not only on their efficacy in preventing increased greenhouse gas emissions, but also on all of their possible consequences, including those that may have a negative impact on the most vulnerable Tasmanians.

Energy efficiency

TasCOSS has a particular interest in energy policy with a focus on the maintenance of safe, reliable and affordable household energy supply and associated consumer protections. In this context we would like to comment in particular on the strategies associated with **Objective 7** of the *Draft Strategy* regarding encouragement of ‘the efficient use of energy by government, industry and the community’ (p 27). The implementation of energy efficiency measures can lead to savings in household energy costs, and it is this aspect of energy efficiency that we are keen to see promoted.

We welcome the energy efficiency focus of this objective and believe a state government-sanctioned policy in this area is long overdue in Tasmania. Tasmanian households use more electricity than households in other states, pay the highest amount per quarter and spend the highest proportion of their income on household fuel and power (ABS, Household Expenditure Survey, Australia 2003-04, Catalogue No. 6530.0). This is due largely to our cooler climate and to the absence of widespread access to natural gas in the state.

We therefore see this *Draft Climate Change Strategy* as an opportunity to initiate measures that contribute to increasing energy efficiency at a household level and thereby allow households to not only reduce energy use, but also to reduce energy costs. While we applaud many of the initiatives detailed in the *Draft Strategy*, we do not think they go far enough towards addressing the issue for the whole community. The focus of the initiatives for the domestic sector, for instance, appears to be on the future, that is, introducing an energy rating and building standards for new dwellings. This is obviously important but does nothing to

improve the energy efficiency of existing homes, or to encourage households to use less energy. Further strategies and initiatives are therefore required, and we offer several suggestions below.

Electricity tariff structure

While much household electricity usage in Tasmania is not discretionary, some households do have the flexibility to try to save on energy costs. However, Tasmanian electricity tariffs are structured in such a way as to make it difficult to save on costs by reducing usage.

The standard tariffs for domestic light, power and hot water are comprised of several components. There are relatively high standing daily charges (62.641 cents per day for residential light and power, and 6.127 cents per day for hot water supply systems – a total of 68.77 cents per day per household), and energy usage charges per kilowatt hour (kWh). The usage charges are organised in declining blocks, meaning that the cost of electricity declines as more power is used. For instance, in the case of ‘Tariff 31, Residential light and power’, the first 500 kWh cost households 15.923 cents per kWh, for the next 1000 kWh they pay 15.153 cents, and for the remainder the cost falls to 11.135 cents per kWh. This structure rewards high usage since as usage rises, the cost per kWh falls. It certainly does not encourage energy efficiency.

TasCOSS believes that, in order to seriously promote and encourage energy efficiency in households and to allow savings, the current electricity tariff structure in Tasmania must change. A tariff structure with lower standing daily charges and either inclining tariff blocks or a single flat tariff would allow households to benefit financially from lower electricity usage and thereby encourage energy efficiency. TasCOSS would like to see a commitment to begin the process to change the Tasmanian tariff structure for residential electricity supply as an initiative of this *Climate Change Strategy*.

Interval meters

Another option, and one which is receiving attention from the Ministerial Council on Energy (MCE) and the Tasmanian Energy Regulator is the introduction of interval meters that allow consumers to better manage their electricity demand. The Council of Australian Governments agreed in February 2006, as part of the National Reform Agenda, to improve price signals to consumers through the progressive roll-out of electricity interval meters (also known as smart meters and time-of-use meters). The Tasmanian Energy Regulator was required to carry out a cost-benefit analysis of the potential roll-out of interval meters in Tasmania, and did so in 2006. His final report could be useful to inform future policy in this area.

Currently in Tasmania, the only interval meter option available to consumers is through the pre-payment meter system, Aurora Pay As You Go (APAYG), which utilises time-of-use tariffs. TasCOSS would like to see a non-pre-payment interval meter option developed that would allow those households that are able, to adjust their electricity usage according to the price signals they receive from their interval meters. This would allow many households to save energy as well as money.

We do not believe that the roll-out of interval meters in the state should be mandated by government as has been considered in other states, particularly if this results in the cost of

meters being passed on to consumers. TasCOSS would, however, like to see the introduction of an interval meter option included in the state's final *Climate Change Strategy*.

Home energy auditing and retro-fitting for low income households

Many existing Tasmanian residential properties, including many Housing Tasmania and low-cost rental properties, are not as thermally efficient as they could be. This can result in higher than necessary electricity usage by tenants and/or owner-occupiers, a situation that increases financial stress for low income households.

There are long-term benefits for increasing the energy efficiency of Tasmanian homes, including a reduction of energy use and therefore less potential for greenhouse gas emissions. A joint benefit and one which is particularly important for Tasmanians living on low incomes, is the financial saving on electricity costs.

TasCOSS would like to see, as part of the *Climate Change Strategy*, the state government commit to funding programs that increase the thermal efficiency of existing Tasmanian homes. For low income households, we would like to see the cost-free provision of home energy audits, advice, and retro-fitting of properties. Home energy audits identify areas of thermal inefficiency in individual homes and recommend remedial solutions which, in many cases, can involve relatively simple and low-cost measures. Retrofitting is the second part of the program and involves the installation of features such as pelmets, curtains, draft stoppers and insulation that increase the thermal efficiency of the dwelling.

Such programs exist in other states, for instance in Victoria, NSW and, until recently, South Australia, and have been very successful in reducing the energy costs of participating households.

TasCOSS believes that the state government could lead the way by introducing an energy auditing and retrofitting program through Housing Tasmania for its housing stock. This would not only address issues of household energy efficiency, but also add value to the properties, and allow tenants to save on heating costs. The program could then be expanded and offered to other low income households. An obvious offshoot of such a program would be the employment that it created.

In fact, we see this *Climate Change Strategy* as providing opportunities to link measures that address the environmental imperatives of climate change with the potential for social and economic development, including the creation of jobs and investment opportunities.

Energy efficient appliances

Much has been achieved in Australia to increase the energy efficiency of new household appliances and, as the *Draft Strategy* points out, work on this continues. However, while new appliances are becoming increasingly energy efficient, many low income and disadvantaged people continue to use old and inefficient appliances. The cost of new appliances is prohibitive to many people living on low incomes.

Household energy audits carried out under the proposed scheme outlined above, could be extended to provide for the testing of household electrical appliances to ensure both their

safety and energy efficiency. Those households with appliances found to be inefficient could be provided with information on the No Interest Loans Scheme.

No Interest Loans Schemes (NILS) exist in many jurisdictions to provide loans to people living on low incomes for the purpose of buying new household appliances such as refrigerators, hot water services, washing machines and so on.

This *Climate Change Strategy* provides an opportunity for the state government to work with NILS in Tasmania on further innovative projects that will increase access to energy efficient appliances for low income Tasmanians.

We hope that the comments we have provided on the *Draft Climate Change Strategy for Tasmania* are helpful in the government's deliberations toward developing a final version of this *Strategy*. We believe it is vital that the Tasmanian government considers all Tasmanians when developing a *Climate Change Strategy for Tasmania*, and especially those who are disadvantaged and vulnerable.

January 31, 2007