PUBLIC

THE LEGISLATIVE COUNCIL SESSIONAL COMMITTEE GOVERNMENT ADMINSTRATION 'A' MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON FRIDAY 1 DECEMBER 2023

INQUIRY INTO ENERGY PRICES IN TASMANIA

The Committee met at 12 p.m.

DEPUTY CHAIR (Mr Edmunds) - Thank you for coming along today and for your submissions. We appreciate your time and you lending your expertise to this inquiry. My name is Luke Edmunds, and I am the deputy chair of the committee. Ruth Forrest is the chair; we have Mike Gaffney, member for Mersey at the far end; and then Sarah Lovell, member for Rumney; and Dean Harriss member for Huon.

Today we are taking sworn evidence and ask you to make the statutory declaration which is in front of you.

Mr JACK GILDING WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

We only have about 45 minutes, so we will do our best. Some other information was sent to you and is in front of you at the table.

Again, welcome to the public hearings for Government Administration Committee 'A' - Inquiry into Energy Prices in Tasmania.

All evidence taken at this hearing is protected by parliamentary privilege, and we remind you that any comments that you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available. If you have not read it or are not aware of the process and if you need time to read it, that is absolutely fine.

The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. As we have said, the hearing is being broadcast.

Again, thank you for your time. Start by providing a summary of your submission. If you are willing, we can take questions from committee members. We have about 40 minutes available. Please take it from there.

Mr GILDING - The first question is how much of a problem are energy prices and particularly electricity prices. People often confuse energy and electricity. I'm a bit of a pedant about it because a lot of the energy used in Tasmania is petrol or coal or gas. I'm presuming this is specifically about electricity - electricity prices and particularly electricity prices for regulated customers. Major industrials negotiate directly with Hydro Tasmania and other customers are on market contracts. I presume we're dealing mainly with the regulated prices of electricity.

CHAIR - In hindsight we could have actually made the terms of reference relate to electricity prices - absolutely right.

Mr GILDING - Focusing specifically on regulated electricity prices, and my expertise is more in the residential than in the small business, there are regulated prices for both small business and residential. Is it a problem? As the saying goes, there are lies, damn lies and statistics. There are a lot of different ways of looking at this and it is complicated. Overall, the percentage increases in electricity prices in Tasmania are not as big as a lot of those on the mainland and electricity prices are not as high. In the footnotes in the submission I've alluded to some of the complexities there. Firstly, it depends on how much electricity you use, it depends on what concessions you get and it depends on what tariff you are on.

Is it a problem? I don't think it's a huge problem compared with other cost-of-living increases. Obviously petrol prices are highly volatile and so forth. If it is a problem, what's the best way to deal with it. There have been a couple of proposed ways of dealing with this: one was revising the wholesale electricity price - the WEP Order - which is basically telling Hydro how much it can charge Aurora for electricity. The other solution that was proposed was a regulation by the economic regulator. I guess my concerns about those proposals are several. Firstly, is it the best solution and what are the equity considerations. One of the things about -

CHAIR - Are you talking about both together here, the WEP Order or the - both, right.

Mr GILDING - That's two different ways of attempting to limit prices and they have different implications.. In both cases they are basically aimed at reducing the variable part of the electricity costs. Yes it's true - for example, as TasCOSS says and UTAS has said - that for the poorer consumers electricity makes up a bigger proportion of their bill. However, at the same time the other way of looking at it is the more money you've got, the more electricity you buy and, therefore, the more you benefit from reduced prices. My concern is that we haven't really thought through the implications of those proposed solutions. There are some facts that we do know and some facts that we don't know. I think this committee can be very useful in identifying the complexity of the situation - the trade-offs. It's often seen that reducing the electricity prices is a good thing and on its own it is, but what are the implications of that and that depends on what mechanism you use for that.

The big elephant in the room is Project Marinus. I don't think we'll go into that in a lot of detail today. It's been argued a lot already. There are a couple of processes going on at the moment that are very relevant to that. How those pan out will make a huge difference to the impact of Project Marinus on electricity prices in Tasmania. TasNetworks has just released some recent modelling showing that electricity prices will go down with Marinus. I haven't got to the bottom of those claims. That's a new report by FTI Consulting. If it's anything like the previous modelling that Marinus did, it was based on, 'well if we didn't build Marinus, what would we do and what would they do on the mainland - and they would build more gas-fired power stations and they're very expensive; therefore Marinus reduces prices'. Like all of these things, it depends on what assumptions you make. That is basically the outline of the submission, my personal submission and I'm happy to take questions on it.

DEPUTY CHAIR - Thank you very much. We've got the Tenants Union in later today and I am interested in the comments about the higher energy use and about how certain policy outcomes might favour people who use more power. But then, on the other side of the coin is that they are saying that people who are struggling and who might live in poor-quality accommodation are using more power to heat their house if they can afford it. I'm interested in striking the balance, in your opinion, about whether a broad cap or whatever, actually does

produce - or if we could thrash out a bit more about where you think the inequities might lie in a policy like that?

Mr GILDING - Obviously, everybody is better off if you reduce electricity prices. The question is what is the end result of that and it depends on how you do it. If you have the WEP Order mechanism, then you are basically telling Hydro to sell electricity to Aurora more cheaply and then Hydro makes less money, Hydro presumably pays less dividends to the Government; the Government has less money overall. There is a separate issue of what concessions. We probably need to talk a fair bit about the structure of concessions because I think that is really important. As far as I can see, Tasmania has quite generous concessions. There are a couple of problems with them. One of them is that not everybody takes them up. I noticed just yesterday that TasNetworks was launching a campaign called something like 'It's your money' and that is encouraging people to take up the existing concessions. I think the existing concessions are quite good in one sense that they provide a fixed offset to vulnerable people on the fixed cost of the electricity.

If you do it the other way - if you reduce the marginal cost of electricity, the cents per kilowatt hour - then the more electricity you use the more you save. That has a couple of undesirable consequences. One is that people who use more electricity tend to be richer, save more, and the other problem is that the incentive to use less electricity is reduced. So, I'm in favour of the sort of concessions that we have at the moment where you give vulnerable people a particular concession. The other problems with that, apart from whether people actually take it up, are in any concession you have cut-off problems; the people who are working poor who are just above that cut-off line. There is always more work you could do there.

I am not as au fait with all the issues of small business. The problem is it's a much more diverse sector. With households, there are variations between renters and owners, there are variations between people who live in efficient houses and inefficient houses, and they're issues of people's level of literacy. Small business is a separate area. I don't know if you're hearing from Robert Mallett, I'm presuming you will. Whether there might be a case for more concessions or more arrangements for small business, I don't know.

The other way of reducing the prices is the recent proposed amendment that I have put in my submission. It basically says to OTTER (Office of the Tasmanian Economic Regulator), 'you cannot approve a price rise of more than 2.5 per cent'. What's the impact of that? Presumably, given everything else stays the same, who loses money out of that? Presumably Aurora. They still have to pay TasNetworks for network charges. They still have to pay Hydro for wholesale prices. If you say to OTTER 'you'll cap those prices', then, as far as I can see, Aurora would suffer quite badly. Compared with Hydro and TasNetworks, Aurora is a much more marginal business.

I am not sure if that answers your questions.

Mr GAFFNEY - Are you aware of anywhere else where they have introduced a price cap that has been well received by the community? I know that in 2008-09 Bartlett introduced a price cap for water and sewerage, and that had some ramifications. What is your personal opinion on price cap? You have said it would impact on Aurora. Are you aware of any situation where that has been introduced and it has been successful or well-received?

Mr GILDING - No, is the short answer. It is very hard to compare Tasmania with other jurisdictions because in almost all other jurisdictions there is a lot more competition. In Tasmania, we are basically talking about the regulated prices. There are other retailers who can offer any price they like and aren't regulated by OTTER. I don't know if anybody has done price caps in other jurisdictions and how that would work in a more competitive market.

Mr GAFFNEY - Okay, thank you.

CHAIR - Jack, I hear what you are saying about the disproportionate inequity of a blunt instrument of a price cap, if you want to call it that. You talked about the concessions we have, which are a number. Do you think there is value in a review of all the concessions to make sure they are hitting the mark and that the people who do need support are supported?

Mr GILDING - I am not an expert on that but, yes, I agree with you. The market is changing a lot and the targeting of concessions and who gets them is probably due for review. Basically, I do not think the framework has changed much. The prices and the amounts of concessions have gone up a bit. The other thing to mention, which I was not particularly aware of until recently, was this Renewable Energy Dividend that the state Government has introduced.

CHAIR - Hydro?

Mr GILDING - Yes. That is part of the solution to sharing that benefits of Hydro trading on the interstate market and passing that through to consumers.

CHAIR - When they have made a profit above a certain level?

Mr GILDING - Yes.

CHAIR - Do you agree with the other submissions? I think you mentioned to Mike that you can't really compare Tasmania with other jurisdictions. We have a poorer population in many areas. A lot of those people live in rental accommodation where there is not good energy efficiency in the house. There are older houses. I look around my electorate; a lot of public or social housing is quite old. Because of that, they cannot afford, for a start, to do it themselves; and they're not allowed to because the landlord won't allow them to make structural change to the property. There is a compounding effect, which then feeds into the other cost-of-living pressures that those people suffer. How do you address the energy price increases that everyone bears but disproportionately affects them more? Is it purely through concessions or are there other mechanisms you think could be employed?

Mr GILDING - As I said, there are other mechanisms in other states. There are at least three issues there really. One is the rental versus owner problem. There are commercial arrangements, where entrepreneurs get in and offer a scheme where they would put up the upfront costs and the owner gets something and the tenants get something from it. This is from installing solar on the building - similarly, with energy efficiency. Then you have the public ownership versus private ownership of the dwellings.

That takes us to the point of, the price of electricity only matters depending on how much electricity you use. Anything you do to generate your own electricity with solar or to use less

electricity will save you much more money than tinkering with electricity prices. The third part of that is literacy, people understanding -

CHAIR - Do you think part of the response here to the pressures that people are feeling, particularly those who don't own their own homes, is to facilitate upgraded homes. Nearly all the public housing except for the very new properties in my electorate would just have single-glazed windows, probably minimalist window coverings. Even some of the new ones have gaps almost 2 centimetres high under their front door. I have been in some of these places when I was out doorknocking. Sure, you can put a door snake across it but one would have thought there would have been a bit better construction. These are new properties that were built in the last 12 months.

Mr GILDING - Probably on the plans they complied with energy-efficiency standards but the builders -

CHAIR - I guess they probably did but -

Mr GILDING - weren't educated and cut a few corners.

CHAIR - People living in one property I went to were older and had limited means. Sure, they can buy a door snake from Bunnings but, apart from that, their energy costs are difficult to control even in a relatively new property.

Mr GILDING - There are a number of different mechanisms and a lot of those are more worthwhile than just focusing on the price of electricity. I am just reading a social history of the Hydro and there's this wonderful description of these wooden shacks up in the highlands with Hydro workers in them. It was all right because they had a radiator going 24 hours a day.

CHAIR - Coming straight from the power station.

Mr GILDING - Yes, we have come a fair way in energy efficiency from electric radiators in drafty wooden huts, but there is a lot more you can do there. The sorts of programs are building standards, and enforcement of building standards. I am not an expert on this but my understanding is that new builds have to meet a certain star rating; that is off the plan. Unless the builders are educated and supervised, they are not going to be built to that standard. There are going to be gaps.

Existing buildings are much more challenging but we have got some schemes here. We have the No Interest Loan Schemes, and there are examples in other jurisdictions of upgrade schemes.

CHAIR - You mentioned the FTI Consulting report that did some modelling for TasNetworks. Where can I access that? I don’t think I have seen that one.

Mr GILDING - Go to 'Talk with TasNetworks' on the internet and look for the papers from the 22 November meeting.

CHAIR - I had a look on their site but I couldn't find it. Thank you.

Mr GILDING - I can give you a print out of them. Their top-line figures - you would need to query the methodology.

CHAIR - Have you had the chance to look at the methodology they used?

Mr GILDING - No, because these are just slides from TasNetworks with summaries. They are claiming Tasmania will get a $22 - I will table those if you like. They're on that presentation. But, as I say, you would need to look at the whole issue of Marinus, which is another question. What is the benefit nationally and what is the benefit to Tasmania? And you would need to get into the detail behind that as to what they are comparing it with. What is their counterfactual? If you don't build Marinus, what do you do? And also, obviously, there are equity issues.

A lot of those issues about Marinus, and I haven't got to the bottom of this, but it does appear that the thorny issue of the percentage allocation between Victoria and Tasmania for the cost, the borrowed capital, regulated asset base, has been pushed out. They are actually going to make a decision, as far as I can understand the documents, on whether Marinus goes ahead on the basis of their modelling of whether it is beneficial for the whole system, the whole National Energy Market -

CHAIR - But not for the state.

Mr GILDING - And that the analysis of who bears the cost may happen many years down the track, once it's built. That's a concern.

There is some possible good news. There are so many different processes going on at the moment. There is a separate process for Basslink being converted to a regulated interconnector. Interestingly, the proponents of that, the new owners of Basslink, are proposing that the cost be split 90 per cent to Victoria and 10 per cent to Tasmania. That is very different from the way interconnectors are paid for at the moment.

CHAIR - It requires a rule change by the AER (Australian Energy Regulator) to facilitate.

Mr GILDING - Does it?

CHAIR - Yes; otherwise it's 50-50. That is my understanding.

Mr GILDING - That's just in relation to Basslink. If that sets a precedent for the 90 per cent, 10 per cent for Marinus, that would be a very big change to the economics, the impact on Tasmania, as opposed to the impact on the whole National Electricity Market.

DEPUTY CHAIR - A lot of what you think would be a natural advantage for Tasmania - that we were renewable before it was 'cool' and that we own the energy businesses - there is frustration for people in our communities that they're not necessarily seeing the benefits of that at the moment with some of the recent price increases. I understand your point about dividends to government, et cetera.

Do you have any thoughts on the philosophical balance between having an asset that can be used for the benefit of all Tasmanians, versus the dividend argument? I'm trying not to make

commentary but to put a question. I know they're talking about rebates and things like that. Would relief be more effective through, say, a price cap or rebates with the extra work that comes with those? Also, where does the extra returns to government turn up to make people's lives easier.

Mr GILDING - Unfortunately, I missed the GBE hearings this year. But, in previous years I've argued that we don't have enough information about what goes inside Hydro. They run four or five very different businesses; they sell under confidential contracts to major industrials; they have a regulated wholesale price; they arbitrage on the national market.

The other problem with Hydro, as I understand it, is that they keep borrowing money. You would imagine, given how long ago most of their assets were built, that they would've depreciated and you would just have operating costs. But, it appears to me that Hydro keeps borrowing money and they upped the value of the assets based on predicted revenue. Then they borrow against the value of those assets and pay dividends to the government.

It's all pretty murky. We don't know. Yes, it would appear that there ought to be a bigger benefit to the residential consumer from electricity prices but you need to bear in mind that that's only a third or a quarter of the cost of electricity. The other three quarters are TasNetworks - the half that gets it to you - and their charges on top of that.

DEPUTY CHAIR - Your comments before were about concession structures and the cohort that seems to get missed a lot when we've got a CPI and a cost-of-living crisis; if you're not in the typical concession-card window but the working poor or whatever - those sort of people. Are you aware of any schemes or policies that have captured that group in any other jurisdictions?

Mr GILDING - No**.** The dilemma is that you have a complete contradiction between the actual cost of supplying electricity - which is very fixed - and what you want in social terms. In social terms, you want people who use more electricity to pay more; but in terms of the way the system operates and the actual cost of delivering it, TasNetworks would like to have more fixed charges. They would say that there's an inequity there. The desirability of reducing fixed charges - which benefits everybody and benefits poorer people more - is completely contrary to the economics of the energy system and the push towards cost-reflective tariffs. They're saying, 'it doesn't cost us much extra to sell you a bit of extra electricity; we've got to pay for the poles and wires anyway so you should pay more fixed charges and less for your electricity'. They're contradictory pushes. What you want in social terms is the opposite of what you want in terms of pure economic terms, or what they call cost-reflective tariffs.

DEPUTY CHAIR - In Tasmania, we've got a bit of a philosophical - and this is going to be embedded through this and there's another inquiry about energy - because it's the whole element of being owned by the government as to how that best services the state. Everyone's got a view on that.

Mr GILDING - Until you can get to the bottom of those. As I say, one suspects that the major industrials have a lot of political muscle and can get very good prices, and that a lot of the benefits of the sunk assets of the Hydro go to the major industrial customers. Until you can get a separation of what does Hydro make from selling to major industrials, what does it make from selling to regulated customers, what does it make from arbitrage. There are other issues but they are the big ones.

CHAIR - It's all commercially sensitive.

Mr GILDING - Yes, which makes it very difficult to have that discussion that you want to have about how should the benefit of having the Hydro be shared amongst Tasmanians?

CHAIR - There are a couple of points in your submission which you've touched on, but I want to ask a bit further about them. You said:

> Recent announcements also anticipate that capital at concessional rather than market rates will be made available and this will reduce the servicing costs of the project [Project Marinus]. National rule changes currently under negotiation are intended to ensure that this benefit is passed to consumers.

Which rule changes are you referring to there? It's on page 3, roughly a third of the way down.

Mr GILDING - If you get to the PDF version of this document and click on that link, it should take you to the rule change. It's a result of those arrangements that have been negotiated with Rewiring the Nation, the national program. In order to address the problem that, if you just provide cheap finance, who benefits from that; is it the transmission companies or is it the consumers? So, there's a rule change, specifically to address the requirement to pass on that benefit to consumers. I don't think I've put it in the references.

CHAIR - I'll go to the link. The other one you've got here, a little bit further down, is:

> If there is significant load growth in Tasmania [CHAIR - that could come from significant population growth, or hydrogen, or other energy-intensive industry] additional network charges for new customers (eg hydrogen projects) may offset some of this cost. However, if the main result of Marinus is greater electricity export to the mainland, the additional cost will be paid by Tasmanian consumers.

I think what you're getting to here is that it depends on why we're building Marinus. Do you want to elaborate more on that? How do you see, if Marinus is built, what are the imperatives around energy pricing for consumers in Tasmania? It becomes such a big beast, then; basically operated by the Australian Energy Regulator - so, has the state government got any power to do anything?

Mr GILDING - It's about the balance between: is Tasmania just a generator and selling electricity to the mainland? Under current rules, the consumers are paying for all that infrastructure. Whereas, if you sell the electricity in Tasmania, then those customers hopefully pay TasNetworks a decent transmission charge (if they're transmission-connected) or a transmission and distribution charge (if they're connected to the distribution network). The state government has a role in facilitating load growth. The other issue about load growth is where it comes from; does it come from population increase? Does it come from electrification? I think we do need more electricity, and we'll talk about this later with the Climate Tasmania submission - but how much of that electricity comes from big, centralised projects and how much comes from rooftop solar? We don't know yet.

CHAIR - Even with rooftop solar, there's a limit to how much you can put on. They won't let you put more than 10 kilowatts on your roof.

Mr GILDING - Well, they won't let you export more than 10 kilowatts. You can actually put on as much as you like but, unless you can use it, there is not a lot of point to it if you can't export it.

They present that as an equity arrangement - that if we have that limit, more people can connect. If we don't have that limit then the people who get in quick and put on 20-30 kilowatts will use up all the ability of the distribution network to absorb that electricity and other people won't be able to get a foot in the door.

CHAIR - So you see it as an equity limitation as opposed to capacity limitation on the network?

Mr GILDING - It is how you allocate the capacity on the network. At the moment, and TasNetworks did quite a lot of work on this, there is quite a lot of capacity to add more solar to the network. Their concern was if we don't limit what an individual can do, then some people will soak up all that capacity before others get a chance. I think there are other solutions. I have become a bit of a broken record on this but it is always better to use your electricity yourself. Anything you can do to get people to heat their hot water when they've got solar, charge an electric vehicle if they've got it, heat up their house if they've got it, thermal mass, all of that is better than putting it into the grid.

CHAIR - As well as rooftop solar, do you think there is a place for perhaps financial support for installation of batteries to store that energy yourself and only feed into the grid when it's generating more than the battery can take on at one time? Whatever is left over after you run the fridge and whatever else is running in the house, fill the battery and the rest of it goes off to the grid, but that is only during the day, obviously, while the sun is shining. The batteries can help to reduce the amount that is feeding in to give more people the opportunity perhaps? If there were more batteries supported into the system. would that help?

Mr GILDING - It would. It is not as economical as straight solar under the current arrangements.

CHAIR - In what sense?

Mr GILDING - You don't get a return on your capital.

DEPUTY CHAIR - For the household customer.

Mr GILDING - Yes, for the household customer. Installing a battery doesn’t have the sort of quick payback that straight solar panels do.

CHAIR - Despite the low feed-in tariff?

Mr GILDING - Yes.

CHAIR - It takes too long to get the money back for the cost of the battery - is that what you're saying?

Mr GILDING - Yes, typically the payback time is the same or more than the battery warranty, so you're not guaranteed.. The battery will probably keep on going after that but it is not the no-brainer. That is from a household's perspective.

From the system's perspective, you probably need to look at where that benefits the network. If it lets you put more solar onto the network or not have to upgrade transformers then it is useful. Through a group called Tasman Peninsula Power, we installed in Nubeena five two-bedroom social housing units that have got some shared batteries and solar. Basically, we haven't had to put up the electricity prices in that micro-grid.

CHAIR - Are they off the grid?

Mr GILDING - No, they are on the grid but the four Tesla power walls between five units actually mean that they buy very little electricity from the grid.

CHAIR - You've still got all the network charges, you've still got all the other charges; it's just the usage that drops. But that's all part of the building block of pricing, isn't it?

Mr GILDING - Yes.

DEPUTY CHAIR - I know there are so many moving parts in where Marinus is at the moment. Even recently there has been another twist and turn in the journey. Do you have a view on how it could be in a perfect world, the best strategic use of it for Tasmania?

Mr GILDING - If you can increase the load in Tasmania, then the question is where does that load come from? I think hydrogen has a limited role but there are other large - data centres, for example, probably some of the hydrogen projects, some of the low-emissions metals processing. We've already got our alumina smelting but there are other things. Marinus, where it is just arbitraging between or providing security and arbitrage between Victoria and Tasmania, is useful. However, the benefits of that are not from bulk export of electricity. Bulk export of electricity to the mainland, to me, does not stack up.

DEPUTY CHAIR - A bit like the argument about household - best to use it yourself.

Mr GILDING - Yes, absolutely. Nice analogy.

DEPUTY CHAIR - I am conscious that we only have a little bit of time before we bring you back in. I was doing a bit of research and saw the Hepburn Wind Farm. How does a community wind farm operate? Could you talk us through that?

Mr GILDING - Hepburn Wind is on the National Electricity Market. It just has to take the prices from the National Electricity Market.. It has been quite a struggle to make money out of it. I own some shares in it and it's been quite a few years between investing and getting a return.

DEPUTY CHAIR - It was community funded?

Mr GILDING - Yes.

DEPUTY CHAIR - Is that just shareholders or a specific community?

Mr GILDING - It is a cooperative. I was executive officer at Hepburn Wind in that construction phase. I particularly had responsibility for the compliance and governance kind of stuff rather than the construction stuff. It's a cooperative and the important thing about a cooperative is that every member has an equal share but the dividends are proportional to your investment. We went to a lot of effort to get a lot of smaller investors from the local community as well as some big investors. Basically, it was a $13 million project, with $9 million of that raised from investors and the rest borrowed with some help from the state government.

DEPUTY CHAIR - Do you think it's something that has potential in the Tasmanian context to be replicated?

Mr GILDING - I think the important thing about the Hepburn Wind experience is the social licence that comes with community involvement. At the moment we have a lot of opposition to wind farms. That's regrettable but understandable, considering that people see that as a benefit to the owners of the wind farm or to Tasmania, but not to themselves. The Hepburn model was a purely community investment model. There are other commercial wind farms where, for example, the community can invest and own, say, two out of 20 turbines and get the returns on that. I think the model is about engaging with the community and getting social licence because the community is engaged and sees the benefit, whereas these big projects being proposed in Tasmania are all multinational companies. Naturally, the people living locally say,'well, what's in it for us?'.

DEPUTY CHAIR - Thank you. While Jack is wearing his personal hat, does anyone have any other questions? We might wrap up this part and then see you in about two minutes.

Mr GILDING - David did most of the submissions. I'm hoping he'll do most of the talking but I'm happy to back him up.

DEPUTY CHAIR - Well done.

THE WITNESSES WITHDREW

CHAIR (Ms Forrest) - We have just had Jack before us, David, thank you and welcome to you. As you know, I am chair of the committee but my deputy chair Luke Edmunds is going to run proceedings today so I will hand to him to welcome you and do the formalities.

Deputy CHAIR (Mr Edmunds) - Good afternoon David and thank you for joining us and also to Jack, with both of you representing Climate Tasmania today at our inquiry into Energy Prices in Tasmania.

Mr DAVID JAMES HAMILTON, MEMBER, CLIMATE TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

Mr JACK GILDING, ADVISER, CLIMATE TASMANIA WAS CALLED AND WAS EXAMINED.

Deputy CHAIR - All evidence taken at this hearing is protected by parliamentary privilege and I remind you that any comments you make outside of the hearing may not be afforded such privilege. A copy of the information for witnesses is available if you have not read it, or are not aware of the process. If you need time to read it, that's fine. The evidence you present is being recorded and the Hansard version will be published on the committee website when it becomes available. Also, a reminder that we are being broadcast.

By way of introduction, I advise that the procedure we intend to follow today is as follows: First you will be provided with an opportunity to speak to your submission if you would like and then following on from that members of the committee will ask questions of you and we have about 45 or 50 minutes, so you've got time to go through the submission, which we again thank you for, and then there might be some questions from the committee. In terms of procedure, Jack were you saying David might lead us off through the submission?

Mr GILDING - If he's comfortable to, yes.

Mr HAMILTON - I had trouble connecting with you and now I am having trouble sorting out my technology. I had to shut something down. Can you hear me properly? Our submission is quite simple and it really is just to say that rooftop solar tends to be ignored in the policy debate and policy discussions in Tasmania. This is going to be a terrible pun but it deserves its place in the sun - I'm sorry, I could not stop myself.

CHAIR - We got it, that's all right.

Mr HAMILTON - For example, when we had the energy crisis a few years ago when Basslink failed and we didn't have much rain before the latest La Nina, I wondered then why the government was not just doing a massive push for rooftop solar as a fast way to install more capacity. It wouldn't have solved the problem by any means - you couldn't have installed enough, quickly enough, but it would have helped and it is an opportunity that is really hard to see the government not taking advantage of and that's why we made our submission.

The other thing about rooftop solar is, if done properly, it can help with some of the equality issues. For example, if the government had a policy of installing rooftop solar on every low income housing in the state, then that would help those people in that housing with their electricity bills. It would help them with their cost of living, quality of life and so on. It is a very useful tool. It won't solve all the problems, but it would be a big help and it's been

ignored so far. It's something that both Jack and I find a little frustrating and helps enhance our submission. That's really all I needed to say because the submission goes into more detail and it's probably better if we just tease out what's in the submission from questions.

CHAIR - David, I've read through the submission and found the detail on that very helpful. Thank you. On page 7 it says investigations by TasNetworks' future distribution system vision demonstrated that while there are challenges in specific locations, overall the Tasmanian distribution system is able to readily accommodate substantive increase in installation of distributed solar PV. One of the challenges often put back to us on this matter is the need for baseload energy to stabilise the network. Solar is only during the day and a lot of the demand is at night. It depends on what time of the year and whether it is dark when people go home and turn on their stove or the heater or whatever it is. I hear conflicting views on this. I hear that the network is not really up to it. We have got to do a lot more work on the network to make this a viable option, particularly if you are not having batteries to take some of the energy out of the system, but it is going straight in where it is not being used within the property itself. So is it as simple as it sounds or are there complexities?

Mr HAMILTON - Right now it is as simple as it sounds. Over time there will be complexities. I think what we should do is I will ask Jack to talk about the TasNetworks study because that was the bit that he wrote. Then I will talk about some of the complexities.

Mr GILDING - So basically TasNetworks did this future distribution system vision. Unfortunately there has been a lot of staff changes at TasNetworks since that. I am not sure there is a lot of institutional memory about that work having been done. Regarding the installation of solar in Tasmania, there are two things. Firstly, Tasmania doesn't have as much solar as most of the other states - we are a little bit under 20 per cent of households having solar. Secondly, the baseload problem that you referred to is really not a problem in Tasmania because we have got the flexibility of the Hydro. If you have a hydro system that can ramp up and down very quickly and is constrained by the amount of water in the dams, not by the amount of generators you have got, then it is - and I am not saying there aren't complexities to this - much easier in Tasmania to ramp up and down the difference between what you are generating in solar and what you need.

In the submission, David has referred to the South Australian example. We are nowhere near getting all of our energy from solar or even solar and wind. We do have that Hydro capacity. You would almost want to see a situation where the Hydro is only used when it is needed to top up. At the moment - and if you look at the submission from UTAS to this committee - Hydro still is doing the bulk of the heavy lifting, which is great but it could be providing more flexibility.

There are two separate issues. One is responding to demand and the other is how quickly you can do that. Hydro can do it quickly and there is the capacity to generate more local solar. There is the energy issue, and, as David said, it keeps the water in the dams. It's a more than a 100 per cent efficient storage mechanism - is one way of looking at it. The other issue is the distribution network; can you cope with it being fed in throughout the network? In a lot of ways that is easier, that network is already there. That work by TasNetworks shows that you can put quite a lot more into the network. On both measures of the bulk amount of energy, we have the flexibility of the Hydro but we save the water; and in terms of the capacity of the distribution system we do have the capacity there, as David has pointed out in the submission.

South Australia has successfully run a grid - admittedly with quite a lot of interconnection - to the eastern states, but has successfully run a grid where almost all of the electricity is coming from solar and wind. We are nowhere near that. The short answer is we have a lot of capacity to do it at the moment; and the problems which will occur when you get to very high penetrations of solar have been solved and are being solved in other jurisdictions first.

CHAIR - This may not be a question you can answer but I will ask it anyway. If pretty much all the energy was from solar and wind during the day and possibly into the night if the wind keeps blowing, for example, does that provide the frequency control that the network needs to be safe and sustainable and secure?

Mr GILDING - This is a hot topic at the moment. The AEMO (Australian Energy Market Operator) has just introduced a new requirement for what they call a system strength provision. They are basically saying if we do not have the physical inertia of hydro generators and coal-fired power stations, the system will be less stable and we need to replace that. They are saying that TasNetworks, as the planner for Tasmania, has to provide enough system strength for all of the projected renewable generation - so, all the wind farms - more particularly in Tasmania -but any solar farms and any distributed solar.

There are other solutions but the first question is, how much of that is required to be provided? Tas Networks is required, in the next year, to come up with a plan to provide a lot more of that system strength -

CHAIR - Is that physical infrastructure system strength?

Mr GILDING - Yes. You can do it in a number of ways. Hydro will say, `we will just keep all of the turbines turning over, synchronised to the grid, but not using a lot of water so that if there is any disturbance then you have the inertia'. You can do that. There are what you call 'grid-forming inverters' - the electronics in both battery systems in wind farms and solar can provide those services; they don't traditionally.

The traditional solution is to have physical equipment spinning, because it is hard to change and if you don't do it-

CHAIR - It is more consistent.

Mr GILDING - Yes; well, it resists changes.

CHAIR - Right.

Mr GILDING - It's inertia, because something is spinning around it is very hard to slow down or speed up and so it has an automatically stabilising effect on the grid. You can do that with electronics and batteries, but traditionally it is done with heavy equipment.

Mr HAMILTON - The grid-forming inverters, or sometimes what they provide is called synthetic inertia, are being developed. They are available; I believe some of the grid batteries on the mainland already have them installed. I know ARENA (Australian Renewable Energy Agency) has been funding some trials to use them to help stabilise the grid and AEMO is doing work on how to incorporate them in the grid. There will probably need to be some market

design work done as well. They are coming; but because of our hydro system and because of our very low rooftop solar penetration now this is simply not an issue for Tasmania right now.

Our recommendation would be that the relevant bodies should be required to keep their eye on this. As soon as inverter standards for rooftop solar and other things are brought in that enable those advances in technology to be available, Tasmania should require them. So, we are ready for that. No need to panic, nothing will happen for several years; let's just stay on top of this and be ready for it when that arrives.

CHAIR - Correct me if I'm wrong here; but having an inverter at the property where the solar is feeding in, to manage that. Is that the intent?

Mr HAMILTON - That is coming, yes. It will need data communications through the grid so you might not do it on a household basis to start with. For example, one of the things that has been talked about has been to be able to tell inverters to not export. If the grid is looking like it's getting stable because there is so much rooftop solar, then one of the things being explored is for those inverters to be required to respond to signals requiring them to stop exporting - still maintain the household, but stop exporting to allow the grid to settle down. There are a number of solutions being worked on. None of them is needed in Tasmania right now, but we should stay with it and be ready to incorporate them.

CHAIR - If the inverter says, 'right that's it, you're not putting anymore into the grid because it will destabilise it', then what happens to the energy that's being produced that's not being consumed by the household?

Mr HAMILTON - The beauty about PV is it can reject energy. A solar panel might be capable of producing, say, 300 watts but the electronics that interfaces with it might only just draw 200 watts out of it. That's okay. You can't do that with anything else. You can't do that with wind turbines or with water turbines; you have to put the energy somewhere. With solar you can just say, 'No, we don't want you'. The panel might get a little bit hotter but it's not a problem. One of the great things about solar technology is that it is very flexible.

CHAIR - That is all done and managed by the software of the system.

Mr HAMILTON - Yes, the hardware in the local inverters; but it could also be managed in a grid scale by software and communications across the grid.

CHAIR - It's important to get this information on the record so that people can understand what the challenges are, or not; or the opportunities, perhaps. The purpose of our inquiry is about looking at energy prices. You say in your submission that the benefits are it's cheap. It's cheap if it's there; it's not cheap necessarily for someone to put it on the roof. Can you talk us through how you see this is one of the key factors in reducing energy prices for all Tasmanians, particularly those who are facing cost-of-living pressure?

Mr GILDING - There are two issues there. One is, how do you make it more affordable for those who want to do it, and how do the benefits flow to the other customers? How you make it more affordable - that is schemes like loan schemes. We have a very complicated system for paying for large capital investments in generation and transmission. We don't have the same support for the capital cost of rooftop solar. It's tricky because the benefits are split between the person who has the solar and the network.

The other question is, why is that good for other people even if they don't have solar on their roof? The answer is that it reduces demand. The wholesale cost of electricity is very much driven by peak demand. Anything you can do to reduce peak demand reduces the cost of electricity for all consumers.

Mr HAMILTON - Yes. If you look at the costs of large-scale solar, if you just wanted to put energy into the grid and do it by either hydro, wind or large-scale solar, then the cheapest of those is large-scale solar. That's with a grid connection and paying transmission costs - building the transmission and the TasNetwork charges. The beauty about having behind-the-meter solar on your roof is, you already have that low cost of the generation but you are also not paying the TasNetworks charges and you are not having to build any new transmission. That makes it much cheaper than any other way of getting electricity to people.

The thing that also needs to be thought about is equity. As I think I said in my opening statement, it would be really good policy to have rooftop solar on all low-income housing in Tasmania, so that the people who are on the list to get into low-cost housing will have that extra benefit of not having to pay very large electricity bills because of the rooftop solar on that dwelling. It would also be good to look at ways of incentivising landlords to install solar on their rental properties. There is a split incentive problem. The landlord pays for the solar but the renter gets the benefit of the cheaper electricity. That is something else that policy needs to address.

CHAIR - Only if the landlord doesn't put the rent up as a result.

Mr HAMILTON - No, but there could be a deal whereby the landlord gets some kind of low-cost loan. The renter does pay a bit more but doesn't pay as much as they'll save in electricity so they're still ahead, and yet the landlord gets the extra to pay back the expense. Those sorts of things are possible.

Deputy CHAIR - We sort of covered this, on page one. That's where you say with the correct regulatory frameworks, solar can reduce costs of energy for all consumers, not just those who install solar. I guess embedded in this discussion is words like 'incentive' and then earlier we were talking about concessions. I am really interested in that comment because it feels, on the ground, that the people who can afford to move out have the incentives there as well so it becomes a really easy decision if you've got a bit of capital to invest in some rooftop solar, then there's discussions about how to help people in social housing, et cetera. Can you perhaps explain that statement a little bit more and how it can be beneficial for people who don't have the cash -they might own their own home but they're probably struggling to keep up with mortgage payments, fuel is going up, the power bill is going up - how the things you talk about in your submission can benefit those people in Tasmanian society because it's a growing cohort of people? They might be renting, they might be borrowing, but they don't have the capital to take advantage of some of those incentive schemes and they're probably not 'struggling enough' to get the concessions either.

Mr GILDING - Part of the solution to that is education of people and part of it is the scheme. We do have some schemes already. We have the Tasmanian Energy Saver Loan Scheme. The problem is that the no-interest period is only three years -

DEPUTY CHAIR - Yeah, you talked about going up to seven?

Mr GILDING - That's an example where if you increase the loan period then the repayments can offset, but you still have to make people aware of that and then they have to then -

Deputy CHAIR - I know this might be hard to answer. Can people typically make those repayments with the money they might be saving? Do they equate? Especially if you went over seven years?

Mr GILDING - The payback period is typically of the order of five to eight years, so if the loan is over the same period of time then, yes, it does pay for itself. The problem is access to capital. It's the same with electric vehicles, they cost a lot more upfront but they save you a lot of money once they're operating.

CHAIR - Do you think there is a bit of a disincentive for the government to be more proactive in this space? You made that point that it's sort of the missing opportunity perhaps being just talked about in this current debate around energy but energy prices particularly. The government owns the generator, they own the network, we own the network. If you're pulling that generation back behind the meter, then there is a loss of revenue for these government businesses.

Mr GILDING - Yes, there is an incentive problem there. The Government does have two conflicting obligations: one is to run some businesses that make money and the other is to benefit the people of Tasmania.

CHAIR - The minister for energy's job is to ensure that energy security is maintained, not potentially so much focused on energy pricing because it's all about the energy entities and making sure they function for the benefit of the state as a whole. Then you might have the minister in another area, the Treasurer perhaps as well, same person; no it's not any more, never was. Sorry. There are other ministers who are sort of saying 'how do we pay these concessions, how do we structure this?' when the energy minister is saying 'we don't want too much of this going on.' How do they resolve this to make sure that the focus is the Tasmanian people?

Mr GILDING - It's a dilemma. Some of the answer is looking at the other benefits. They say they want more generation. They passed legislation for renewable energy targets three years ago now. No new large-scale stuff has been built, commissioned or reached final investment decisions.

CHAIR - Why is that?

Mr GILDING - Because it's hard. You have to line up all of those factors. The local community has to be on side. It has to make money for investors. You have to have the grid connection. All of that is quite difficult. I'm not against more large-scale generation. We probably need it, but it does illustrate the point in the submission that the rooftop solar - we do have an industry and I will declare an interest here that I was representing an industry for 10 years - but we do have the capacity to install new generation quickly by putting it on people's roofs.

CHAIR - I haven't heard any government minister say 'we don't want to talk about that because that will reduce Hydro's profits', for example, but do you think it sits in the background. I haven't heard anything to suggest that. I'm just wondering why this is not really a focus.

Mr GILDING - It's a different sort of hard. Politicians understand the hard problems of building new wind farms, getting new load and so forth. You typically deal with a project proponent. You deal with a local community to some extent, but the problems of supporting the distributed generation are new and different and to be a bit cynical they don't have the photo opportunities.

Mr HARRISS - No ribbons to cut.

CHAIR - Every house, oh my God. There are lots of them. It's a government incentive that put solar panels on all these houses in this street.

Mr GILDING - A lot of it is about mindset, yes.

Mr HAMILTON - There also can be a bit of a mindset or a culture in the organisations like Hydro Tasmania and TasNetworks where they're used to building big things. Electricity is about big spinning machines, whether it's a water turbine or a wind turbine or a gas turbine. They see these little panels on roofs as being toys that don't actually add up to much but the experience in other states is that they actually do add up to a lot, if there's enough of them. There is a mindset that it doesn't regard them as being real generation but the thing is that the rest of Australia has demonstrated - more than anywhere else in the world, South Australia has got the most rooftop solar of any place in the world - if you put enough of them on roofs it is real generation that has a real impact. It provides real energy to the state. That's just not part of the normal engineering mindset.

Ms LOVELL - Going back to the question around the potential impact on revenue for those GBEs, are you aware of any modelling that's being done by anyone around how many more rooftops in Tasmania could have solar put on before that would start to have an impact on that revenue stream for Hydro and Aurora and others?

Mr GILDING - No, I'm not aware of that. Where that future distribution network looked was the physical capacity to install it. I'm not aware of anybody looking at it further up the chain and saying what impact that would have. I think it is more of an issue of mindset and the different sorts of problems that you have to solve.

CHAIR - The cynic in me would say, if that is sitting behind any of this and I have no proof to say that it is, that the government is saying 'we don't want to focus too much on rooftop solar because that will reduce the generation required by Hydro which will reduce Hydro's profits'.. Eventually that's just banking water and then they can use that to sell in to the high price market in Victoria so they could actually make more money.

This is a question for Hydro and how they manage those sorts of things, but it is an interesting conundrum. I am interested in why it seems we're talking about the big things, as David said. We like big shiny things that we can cut ribbons on perhaps, but this could have a not insignificant significant impact across the board in terms of generation and pricing, notionally.

Mr GILDING - Absolutely. David's chart where rooftop fits in, on page 2.

DEPUTY CHAIR - I had a question about page 2 and that graph. In the report, it says: 'It is clear that Tasmania is coming last in the exploitation of this cheap, local electricity provided by rooftop EV/APVI', and gives that capacity breakdown. You might know the answer to this after some of the previous comments: What have other states done better? Or, perhaps, what has Tasmania not done that has left us where we are on that? Do you think it could be to do with the socio-economic makeup of Tasmanian households, where there might be a little bit less capital?

Mr GILDING - There are quite a lot of factors. One of the big factors is people's motivation, people's decision to put solar on. There is a mixture of motivations. The motivation that 'I am providing my own electricity and I am substituting that for coal-fired or gas-fired power' - people are aware of that. In Tasmania there is the opposite almost problem that -

DEPUTY CHAIR - You do not need to because -

Mr GILDING - People feel that they are not making an environmental contribution by installing solar.

There is also the perception, and it is true, that the payback is slightly longer in Tasmania. That's a combination of prices being slightly higher and the solar radiation being slightly lower. But it's not a big factor. As David points out, this market was pioneered in Germany, where it is far less viable than it is in Tasmania.

I would say there is a number of social factors as to why the installation rate is lower in Tasmania. Probably a capacity to pay has something to do with it.

CHAIR - Should the feed-in tariff be reviewed?

Mr GILDING - I argued for many years that the feed-in tariff should be higher than it is, but at the moment it is actually better in Tasmania than it is in a lot of other places. Other places are talking about going down to $0.03 or $0.04. We are, at the moment, going up to $0.09 or $0.10.

CHAIR - In all fairness, perhaps it is a reasonable level at the moment. I know there was the incentive to start, then there was a fairly significant drop. For any new entrant, there is obviously that lower rate now but not as low as others, you said. Do you think it is fairly well set?

Mr GILDING - I think it could be a little bit higher. I don't accept the argument that it needs to be. People's gut reaction is, 'why am I paying $0.28 but only getting $0.10?'. That really does not understand the nature of the system.

CHAIR - You did not build the transmission lines. That is why.

Mr GILDING - I think it could be a little bit higher. I do not think it ought to be one-for-one. But I don't think it is a problem.

CHAIR - What are you suggesting it should be? I am not asking for a definitive answer. I am trying to understand where you sit so we can then test it with others to see what they think is a reasonable.

Mr GILDING - Aurora will tell you that it is already too high - that they can get electricity cheaper than the feed-in tariff and that they are forced to buy it. One of the issues, when we campaigned for several years to increase the feed-in tariff, is that it does not use the transmission network at all. Aurora pays for the transmission network for all of the electricity that they sell but they don't use it for the electricity that they get from the distribution network and resell to customers. There is a component. It is only about $0.01 per kilowatt hour, but that is one component where you can really clearly say that the system discriminates against solar because it has that advantage of using the distribution system but not the transmission system.

DEPUTY CHAIR - This could get quite tangled. Is there a way you could set up different types of feed-in tariffs? For instance, if it was a new customer, they might get more or it might be a different workaround for some of the concessions you speak about to incentivise it for lower-income Tasmanians that perhaps that they could get paid a higher fee. Have you seen any schemes like that or is it even possible from a policy sense?

Mr GILDING - There are time-of-day schemes, where, for example, in South Australia and I think Victoria has this as well, that you get less for your solar in the daytime. The problem with that is that is really only an advantage to people with batteries. If you've got batteries, then you can put it back in when you get more for it. But if you don't have batteries -

CHAIR - When the sun stops that's the end of that.

Mr GILDING - Yes.

DEPUTY CHAIR - Which, I guess, if we are talking about lower-income people, a battery is just another burden, isn't it?

Mr GILDING - Yes. In all of this there is a balance between purity and understandability by the public. The economic regulator had an inquiry into whether we should have variable feed-in tariffs in Tasmania. I agreed with them that, basically, the alleged benefits weren't worth the confusion - and the cost of administering it - but particularly the confusion.

Mr HAMILTON - This is an area where a bit of research and further discussion might illuminate the best policy. We are not pretending in our submission to actually know the answer to this question, and it is a very important question. What incentive structures would work best to get people across the line to putting solar on their roofs? It is an area that deserves attention, just as what we are trying to say in our submission: Pay more attention to rooftop solar. Part of that paying attention is to look at the appropriate incentive structure that targets the people who need the incentive the most and who will benefit the most from the solar on their roofs.

Mr HARRISS - Do we know lifespan of solar? You are saying five to eight years to pay it back. Do we know lifespans sitting on the roof?

Mr GILDING - Different for the panels and the inverters. The inverters can fail after 10 years or more. Solar panels will typically go on generating for at least 20 years and they are largely recyclable.

CHAIR - You should clean them?

Mr GILDING - If they are visibly dirty.

CHAIR - Like after a dust storm or something?

Mr GILDING - When CBOS (Consumer Building and Occupational Services) started sending out letters to all the solar owners saying you should inspect it every year, we thought it was a little over the top.

The short answer is it pays for itself in less than 10 years and it will go on generating electricity for 20 or more years. You are more likely to replace them, the same with wind turbines, because it makes economic sense to put on something more efficient and more modern than because it actually stopped working. We could get into the issue of recycling but it is also a non-issue. It is largely glass, there are people working on recycling solar panels. There is not enough of them at the moment to make it economical. Same with batteries.

CHAIR - Just on the recycling of solar panels, a lot of it is glass, as you said. Is it generally recycled into newer solar panels that are more efficient and more effective?

Mr GILDING - You basically strip it down to the aluminium in the frame, which is very valuable because it has so much embedded energy in it and it is easy just to rip off. Then broken glass, basically. There are people doing more sophisticated recycling but it is all a matter of the economics of the quantities that you've got before it's worth getting out.

Your large components are the glass sheet on the front and the aluminium. They are both well understood as things you can recycle. Then you've got silicon in the panels and that is basically just sand. That is not worth a lot. Then you've got some silver and some other metals -

CHAIR - Are they recoverable?

Mr GILDING - If you've got enough of them, yes. People are still working on that technology.

CHAIR - In Australia?

Mr GILDING - Yes, but more overseas.

DEPUTY CHAIR - On page 8, you have the subheading, 'Leadership from government procurement', and you are talking about how the state Government should partner with local government and community organisations to support bulk purchase schemes at the local level. Are there jurisdictions that you could point to where that has happened? Do you have any information on the success or failure of those schemes, and which ones might have worked best?

Mr GILDING - Yes, I think the bulk purchase schemes that have worked best have been local-government based. There is a sense of community about it. I wouldn't want to see the whole state Government, that issue of bulk purchase -

DEPUTY CHAIR - Does that mean like a council is putting solar panels on top of its council chambers?

Mr GILDING - No, a bulk purchase scheme is an arrangement where the people are buying individually but there is a coordinated purchase of it. You might, for example, sign people up, say, 'How many people are interested?', then you would go to the supplier. It is a way of generating enthusiasm in the local community and it's a way of quality assurance so that a council takes on some of the responsibility. People are concerned about dodgy installations, so having a scheme where the council is taking some of the responsibility for making sure that the installations are done to a quality standard. That quality standard is quite high in Tasmania already, for various reasons.

The other part of that is local council infrastructure, education infrastructure, public housing. Public housing, as David pointed out, is the key one because it has a direct benefit for tenants. But I know there is a program in the Education department at the moment to increase the amount of solar on schools. There are schemes that facilitate individual residences and businesses to get solar, and there are schemes for installing it on council, state government, municipal or authority buildings. They are all mechanisms that can increase uptake.

Mr HAMILTON - An example of such a scheme, Jack has reminded me of, was done by the Moreland Energy Foundation. I think it was owned by a number of councils in the inner north of Melbourne. That scheme, as I remember it, was that the councils borrowed money to buy solar panels for households in their area, mostly pensioners and other low-income people. The interest rate on the loans was quite low because it was a council loan. The people paid back the cost of the installation through a small increase on their house rates. The rate increase was less than the savings on electricity they got. Because it was done as a rate increase on the household, it didn't matter if they sold the house; the council still got their money back and the new owner of the house had to pay the extra small increase in rates until the loan was paid off. That was quite a neat arrangement, as I see it.

Victoria is probably the place to go to look for examples because there is an organisation called Solar Victoria, which has been running more recent state government incentives for rooftop solar and batteries. They have done quite good work.

CHAIR - Moreland is the actual council area, is it?

Mr HAMILTON - Yes, there is a Moreland Council. There was a time in Victoria when local councils were electricity distributors for their own area. I think the Kennett government required them to sell that as part of privatisation. Moreland Council put the money they got for their electricity distribution into this energy foundation, basically to help with energy efficiency and energy supply for low-income households in their area. They have done some interesting work with that pot of money that they got that way.

Mr GILDING - It was originally the Moreland Energy Foundation. It was renamed the Australian Energy Foundation and it has since folded, unfortunately. I don't know why that was. But, as David said, it was a particularly well-designed scheme because it dealt with the

issue of tenants. You would need to look at what the legislative arrangement was for that to be added to people's council rates, to have a differential council rate, because that is a state government responsibility. There might be different legal ability to do that. That might be something you would need to address, but it is a really elegant way of doing it.

CHAIR - It is now called the Merri-bek Council. They changed the name.

Mr GILDING - Yes, that's all part of the council amalgamations and then the name change. There was a whole consultation process about that.

CHAIR - Is there anywhere else that is doing this? You talked about Solar Victoria in this area. You said there has been high penetration in South Australia. Is there a similar organisation in South Australia that might be worth talking to?

Mr GILDING - I would need to check.

Mr HAMILTON - We have a guy living in Tasmania now called Roy Ramage, in Grindelwald, who used to work for the Victor Harbor Council. They ran bulk purchase systems for Victor Harbor. If you go to Victor Harbor, they have lots of rooftop solar; almost every house has it. That was very successful. Roy Ramage would be able to tell you how that worked.

There have been all these individual schemes around the place. There's an organisation in South Australia called CORENA (Citizens' Own Renewable Energy Network Australia), which lends money to not-for-profits that own buildings, like sporting clubs, to put solar on their roofs. They pay the loan back, again, out of savings on electricity. That pays off the loan, which CORENA then puts into the next loan. That's an interesting little organisation with that model.

CHAIR - Could you send us the details of these people and how to contact them? It would be helpful to talk to them, perhaps, to see how their models have evolved and what they've done. They sound, from what you said, to be more local community or local government-focused, rather than state government. Except, Solar Victoria would be a state government thing.

Mr HAMILTON - Okay, yes.

CHAIR - And any of the co-ops you are aware of, anything like that, because they help to inform how things could work. And, if we're talking, they might also identify how they would do it differently if they were starting again, perhaps?

DEPUTY CHAIR - One of the big motivating factors for this inquiry was the cost-of-living pressures that people are facing. That's why a lot of the questions have been on the best cost-of-living outcomes that have come from those schemes. If there is any follow-up information you can send through, that's obviously a big focus for us.

Mr GILDING - We haven't discussed this section here on comprehensive independent advice, on page 8. This is one of the problems - that a lot of these things require people to understand their energy use.

Initially, I was a little bit sceptical about solar. This was quite a few years ago, because at that stage it wasn't a financial no-brainer. But having solar panels on your roof really makes people aware of what energy they're using. Some people think turning off lights is really important. Well, it's not because they're LEDs and they are only 40 watts, whereas your blow heater is 1000 watts. That basic energy literacy stuff that lets people make informed decisions.

CHAIR - I know you've got apps on your phone and things like that where you can look at it and see what's happening in your household.

In Wynyard we've got solar, 10 kilowatts and battery. They've got this software where I press the button to see what's happening. It is interesting to see how much is going into the grid. The battery fills up relatively slowly so when it's sunny there is always a fair bit going to the grid, at the low price at the time, obviously. I think this idea makes people more aware.

Regardless of whether you've got solar on your roof or not, how do you help people appreciate the difference they could make? You said right at the outset of the previous hearing, Jack, that reducing energy usage is one way of reducing electricity costs. We talked about the limitations on that in terms of what the house is like. How else do we tell people not to plug in a radiator, for example, something like that, as opposed to a more energy-efficient heating source? How do you manage that in terms of the pressures on people?

Mr GILDING - There's been quite a lot of work to understand how you get messages to people. TasNetworks has done a reasonable amount on this, considering that, in one sense, they've only got three or four customers, the retailers. But in another sense, they've got all of the customers. And they do put probably as much or more effort into that than Aurora does. One of the general things about getting information to people is people are very dependent on trusting the source of the information. The model that TasNetworks was working on was working with opinion leaders in the community, whether that's a migrant community or a geographical community or whatever, but who are the people that if you educate them, other people will trust their advice?

As I say, these are different sorts of hard problems. Building big stuff is hard for some reasons. Getting this distributed stuff happening is hard for different reasons and one of them is just the amount of information you have to get out to people. People might want to install solar but they've heard horror stories of shonky installations so they don't do anything rather than they get the advice on who's a reliable installer.

CHAIR - Whose job is this? You talk about TasNetworks doing work with community leaders and things like that. Is it their job or is this the responsibility of some other part of government to help people who in many areas of the state have low general literacy levels, low digital literacy, poor access for a range of areas. Whose job is this?

Mr GILDING - I think it's the state Government's, but it needs to be done with partnerships.

CHAIR - Partnerships with whom?

Mr GILDING - With local government, with community organisations and with commercial providers. There are people who provide that kind of advice. The Home Efficiency Group, for example, is a commercial organisation that will give you that sort of

advice. There needs to be a vision that says this distributed stuff works and is useful and has a whole bunch of benefits, but we need to solve the problems we talked about, workforce development. You need more electricians, you need more solar installers, you need people who can install insulation safely.

CHAIR - As Aurora is effectively the energy supplier of last resort in the state, and you have already referred to them probably having the least capacity for doing other things than just focusing on the retailing of electricity to their customers, then a lot of the pressure goes back on them because that's who you get your bill from. For them, again, you come back to this almost conflict, the more they educate people about using less energy, the less they sell. Their costs don't go away, their operating costs and that sort of stuff. How do you support Aurora in this, being the retailer of last resort? They have a responsibility not to cut people off.

Mr GILDING - I think they do a good job in credit management, their 'Yes' program and so forth. They don't do as well in energy efficiency but it comes back to that cultural shift and the leadership issue. As long as the state Government is saying the answer is big projects - big new transmission lines, interconnectors, wind farms, and as David says you know all of this other stuff - these 'toys', are not going to solve the problem until you change that mindset. Then you need the leadership to deal with those hard problems of how do you get the message out to people; how do you solve the problem of 'yes you might make less money from selling electricity, but you might be providing other services that are of value to people'.

CHAIR - Then the Government, as the owner of Aurora, has a responsibility to perhaps support them to be financially sustainable while still working hard to reduce the energy used and thus energy cost to their consumers, being state-owned. How do they compete in the market?

Mr GILDING - All tricky stuff. I think the State Government needs to provide the vision so that all the retailers get the message that you're not just in the business of supplying electricity - you are in the business of helping people get the things they want, which is a warm house and lights, transportation and so forth. There's a huge amount of money that goes out of the state for petrol and buying cars and stuff, so it's not as if there isn't money to be made by solving these problems and money to be kept in the state by solving these problems.

Deputy CHAIR - Well thank you David. We've hit our time allocation so we really appreciate you joining us in person and logging in today and for the time and effort that has gone into your submissions. We look forward to the follow-up correspondence from you as well. We appreciate your time and this is our first of the public hearings today so first cab off the rank. Thank you very much.

We will stop the broadcast, thank you.

THE WITNESS WITHDREW

The Committee suspended from 1.46 p.m. till 2.00 p.m.

The Committee resumed at 2.00 p.m.

CHAIR (Ms Forrest) - Welcome, Ben. I think you know members of the committee here. I am going to hand over to my deputy chair who is going to lead the meeting today.

Deputy CHAIR (Mr Edmunds) - Thank you Ruth and thank you Ben for joining us. To begin with, I should introduce the members: we have Mike Gaffney, the member for Mersey; Sarah Lovell, the member for Rumney will join us shortly; Ruth Forrest, member for Murchison, who is also the chair of this committee; myself as the deputy chair; and Dean Harriss, member for Huon, joining us. In front of you, you have the statutory declaration, if you wouldn't mind making that.

Mr BENEDICT BARTL, **PRINCIPAL SOLICITOR, TENANTS' UNION OF TASMANIA INC, MADE THE STATUTORY DECLARATION AND WAS EXAMINED**.

Deputy CHAIR - Welcome to the public hearing of Government Administration 'A' Committee Inquiry into Energy Prices in Tasmania. All evidence taken at this hearing is protected by parliamentary privilege. However, we remind you that any comments you make outside of the hearing may not be afforded such privilege. You would have received a copy of the information for witnesses. If you have not read it or are not aware of the process, if you need time to read it, you can. The evidence you present is being recorded and the Hansard version will be published on the committee website when it becomes available. Also, this hearing is being broadcast on the parliament website. By way of introduction, I advise that the procedure we intend to follow is as follows: you can speak to your submission and after that we will ask questions about the submission and other issues that are related to the terms of reference for the committee. Thank you for joining us today. I know you are very busy. If you would like to kick off, we have until about 3.00 p.m.

Mr BARTL - Before I begin, I spoke to Julie and I did not think I would need an hour, so hopefully you can all get back to your other work before 3.00 p.m. I have read some of the submissions. I did not get a chance to read all of them, but one of the points I read that I thought was quite relevant was a point made by TasCOSS, the Tasmanian Climate Collective and the University of Tasmania, all of which noted that Tasmanians often have higher electricity bills than their mainland counterparts. The point that all of these submissions made is Tasmanians often consume more energy and the reason they do that is because a) we live in a cooler climate, and b) often our housing stock, particularly for renters, is of a poorer quality. That point is particularly relevant in respect of my submission, which is just focused on residential tenants.

In Tasmania, we have 57,000 renters and generally speaking - I hope I'm not telling you anything that you don't already know - renters do live in poorer quality housing. If it's not your home, you are less likely to worry about making modifications to ensure that it is warm enough in winter and cool enough in summer. Tasmania was the first jurisdiction in Australia to introduce minimum standards in 2003 and I believe - please correct me if I am wrong - Ruth and Mike were both involved in the passing of that legislation. The minimum standards are now about a decade old, which means other jurisdictions have passed us by. The minimum standards require, for example, that there are window coverings in all private rental properties but that doesn't apply to social housing properties. I know that there was an amendment bill passed by both Houses of parliament. Unfortunately, as it stands, that only applies to new tenancies, not to all social housing tenancies. The minimum standards also require that there

needs to be a heater in all rental properties, both public and private. However, the heater just has to be affixed in the lounge room. It doesn't need to be an energy-efficient heater. That means that a landlord could install one of those cheap little blowers in the lounge room of a rental property and that would meet the minimum standard.

We do get calls from tenants occasionally, to say the heating in their rental property is insufficient. As I said, it only needs to be in the main living area but it also could just amount to a blower. We strongly believe that our minimum standards need to be improved to ensure the heating that is provided in rental properties is of an appropriate standard. We would say the best way of doing that is to ensure that it meets a minimum energy-efficient standard as has already happened in Victoria and the ACT.

In our submission, we refer to a number of studies that have been carried out. The Brotherhood of St Lawrence, for example, found that poorer people, financially disadvantaged people, are spending about 6.5 per cent of their income keeping their properties warm in winter and cool in summer, compared to wealthier people who are only spending 1.5 per cent. Improving energy efficiency is going to mean poorer people - the more disadvantaged in our community - don't have to spend so much money on electricity. The other study we referred to was the World Health Organization's healthy living temperature, which off the top of my head is between 18 and 24 degrees. A number of studies have found that many renters are living in properties that don't meet those minimum healthy temperature standards.

Moving to what I would like this committee to recommend, the Tenants' Union strongly believes that our minimum standard should be improved. We believe Tasmania should follow the lead of Victoria and the ACT, both of which have passed legislation in the last year to make all rental properties more energy efficient - which, of course, means lower energy bills. In Victoria, for example, all appliances, fixtures and fittings which supply water, electricity or gas, must meet minimum energy-efficiency ratings. As well, renters in Victoria do not need permission to make minor modifications that reduce energy or water usage cost. Before I came today, I had a look at what some of those minor modifications might be. Examples provided on the Victorian CBOS website are things like adding window film to rental properties. As it stands, you are not allowed to make modifications in any rental property in Tasmania without the landlord's consent, whereas in Victoria the legislation now provides that if you want to put in window film, LED light globes, draught-proofing or flyscreen doors, you can - without needing the landlord's consent.

The final point I would make is in the ACT all rental properties now need to have ceiling insulation. In Tasmania that is currently not the law, which means that many rental properties are cold in winter and hot in summer because the heat can't escape.

I might leave it there. If you have any questions, fire away.

Deputy CHAIR - I'm interested in those other jurisdictions. I can imagine there would be certain pushback in terms of cost and things like that. How were they navigated by those governments in a policy sense?

Mr BARTL - I know Victoria had a scheme which meant that investors and homeowners could apply for energy-efficient appliances. That would be one way to do it. The government pays for the energy-efficient improvements, but that was done with a lead-in period to mandating energy-efficient appliances. Landlords and owners had an opportunity to improve

their properties both as owners and as investors with the help of the government. The government was providing those energy efficient appliances but there was a point at which it then became mandatory. One way of describing that is there was a carrot, which was 'do it and we'll help you do it, but at the end of the day we'll apply the stick'.

Mr GAFFNEY - It was legislated? Is that how they -

Mr BARTL - Yes, it has been legislated in Victoria and the ACT.

CHAIR - If I could follow on from that, was it a government department that ran that, or was it outsourced? You know, the purchase of energy-efficient appliances.

Mr BARTL - I'm happy to take it on notice and provide further information but my understanding is the government had preferred providers. They didn't want people rorting the system so they had providers that they wanted people to use. It was administered by the government but they had private contractors in place.

Mr GAFFNEY - Which kind of means that the government would have to do all of its own accommodation and its rental properties first, wouldn't it? Is this for both public and private rentals?

Mr BARTL - Yes, again I would have to take that on notice but yes, presumably the public housing that they would have had to buy their own appliances. It probably was just private rentals, but I'll take that on notice Mike.

Deputy CHAIR - What we're approaching this from is the cost-of-living pressures that everyone's facing at the moment and I guess some of those schemes, in terms of the way they're communicated, could look like it's handouts to the wrong people to fix a problem. Are they finding it actually turns out that it is a cost-of-living measure for the people who it's targeted for? How is it panning out?

Mr BARTL - Yes, there have been studies which have shown that if you put insulation in ceilings, it reduces the loss of heat by 40 per cent, so yes it will potentially save the renter and the owner a lot of money in the long run.

Mr GAFFNEY - From your point of view, the price of electricity is always going to fluctuate, but you think from a practical point of view, it makes sense to focus more on making the houses and the rental properties warm, secure and that sort of thing - because that's doable and that's not dictated by the market rate. It's just getting it done properly.

Mr BARTL - That's right. We believe that everyone has a right to live in a healthy home. We don't want people having to go to the public library because it's too hot in summer or too cold in winter. If we introduce minimum standards, we're saying to investors that there has to be a minimum quality of living that everyone is entitled to.

I'd also make the point, as I did in the submission, that more and more people are renting for longer. Mike, when you were younger, you might've thought a year living in a cold house was okay because I could just put on another jumper, but what we're finding is more and more people are having to live in rental properties for longer. We want to ensure it's not just a phase

for a year, but if they're living in a property for five, 10 years, which a lot of renters now are, that they are provided with a healthy home.

Mr GAFFNEY - Yes and I read in your submission something about young children going bed with their beanie's and that on because mum couldn't afford the extra power. In one sense health illnesses are going to occur because of the poor quality of their housing and heating arrangements.

Mr BARTL - Yes and of course that has other impacts and means that kids aren't going to school and adults aren't going to work. If we are providing healthy homes, we're also ensuring a more productive community.

Mr GAFFNEY - Thank you.

CHAIR - In Victoria, and you might need to check on this too, the minimum standards and perhaps the scheme that's been set up to assist renters and owners of the homes being rented out, does that include solar panels and installation of solar panels?

Mr BARTL - I'm not sure. What I would point out is solar panels are not included in the minimum standards in Victoria and the ACT, so I think if people want to put up solar panels, that's great, but it's not something that's been mandated. I don't think the model in Victoria and the ACT includes solar panels.

CHAIR - Do you think there's value in a separate process that doesn't mandate it. I'm not suggesting it be mandated. I'm suggesting that it be incentivised for landlords to put it on a tenant's house.

Mr BARTL - I'm not an expert on solar panels. I apologise, but my understanding with solar panels is the electricity bill has to be in the name of the owner and the problem with our Residential Tenancy Act is electricity has to be in the name of the tenant. If there's a way around that so the tenant is getting the benefit of the solar panels, then sure, we should do that, but it may mean an amendment to the Residential Tenancy Act.

Mr HARRISS - How does that work with social housing, power wise, in your name?

Mr BARTL - The tenant has the electricity in their name, so when a tenant moves into social housing they need to have the electricity connected.

CHAIR - If there are solar panels on the roof, they get the benefit and lower consumption because you're generating for your own use.

Mr BARTL - I get that, but what I'm saying is that my understanding is with solar panels the electricity bill has to be in the name of the landlord.

CHAIR - Really? Okay.

Mr BARTL - Let me take that on notice.

Deputy CHAIR - Call Jack back in maybe.

CHAIR - It would be good to understand that because that's something that would be an enormous barrier because otherwise the tenant can't get any benefit even if they're there. That's what you are saying?

Mr BARTL - Yes, that's right.

CHAIR - I didn't realise that if that's the case.

Mr BARTL - It may be that I'm getting confused with rebates, but please let me take it on notice.

Deputy CHAIR - One of the underlying themes of the genesis of this inquiry and public debate around energy policy in Tasmania is the push-pull between government-owned assets that people believe should be operated for the benefit of Tasmanians at a household level - whether that's the cost of their electricity versus the whole return to government to invest in services mindset. I was just interested if you had any views on that philosophical thing that we're probably going to struggle with throughout this inquiry.

Mr BARTL - From a residential tenant's perspective, what we are talking generally about is the financially and social disadvantaged. Lower electricity bills are going to improve their standard of living. It means they are going to have more money to spend on other things, so yes, I think I can speak on behalf of all tenants to say any reduction in energy bills would be a good thing.

Mr GAFFNEY - Further to that, I noticed that you used a quote from the Department of State Growth Renewable Energy Action Plan 2020 and it says:

> Improving energy efficiency is one of the most cost-effective ways for households to take control of their energy use, reduce their energy bills, improve their health, and help take action to combat climate change.

That was in 2020. Has the state Government in your opinion, or the Department of State Growth, done anything to honour or reinforce that statement that they made as part of their action plan? Are you aware of any strategies they have put in place to improve the efficiency?

Mr BARTL - My understanding is there is a loan scheme, whereby people can apply for energy-efficient appliances and I understand it's no-interest. The problem with that, is that generally it doesn't apply to renters because renters can only make modifications to their property with the landlord's consent. On top of that, the renter is paying for a good that may stay in the property after they move out of the property. So, there is not a lot of incentive for renters to make modifications if they don't know how long they are going to be there for.

Mr GAFFNEY - Thank you.

CHAIR - A number of concessions are provided to low-income earners and a number of those relate to energy use as well as other costs. There seems to be a bit of a reactive approach - some other pressure occurs so another concession is put in place, which is an effective targeting mechanism, I guess. But because there is now quite a number of them - including two no-interest loans, the NILS (No Interest Loan Scheme) and the energy one - do you think there

needs to be a full review of all these concessions and programs to make sure they are hitting the mark and that they're consistent, in that they support people who need support?

Mr BARTL - Yes, there does need to be a review. As I've just said, at least in relation to the energy-efficient appliances, they are not able to be taken up by renters. An inquiry would need to be broad enough to look at whether legislative change was needed, because modifications can't be made without the landlord's permission, currently.

CHAIR - In the Victorian type of model, as I understand it, there are approved providers that you can use to install, or purchase and install, energy-efficient devices for heating and that sort of stuff. If the legislation was narrowed to a bit like what is occurring in Victoria, is that the sort of thing you are talking about? Rather than just wholesale, 'you can do minor modifications on anything you like in the rental property'. It comes down to what a 'minor modification' is. But if it's focused on energy efficiency?

Mr BARTL - Yes, that is the model in Victoria. You can make minor modifications that will ensure energy efficiency is in place.

CHAIR - There's is narrowed to energy efficiency?

Mr BARTL - My understanding is they have two provisions: one with respect to energy efficiency and one into other types of minor modifications, which is things like putting picture hooks on the wall.

CHAIR - Aurora and TasNetworks run programs to inform and educate customers about energy usage and energy efficiency. How do you think those programs are going and do you think they are the right people to deliver them? What are your thoughts on that?

Mr BARTL - We don't get called very often by renters who have been part of that program, so, I'm not sure whether they are working. I suppose one of the problems with those schemes is that many of the reforms that would make properties warmer in winter and cooler in summer are things that the renter is not able to do without the landlord's consent. I think the programs are limited in what they can do that will help the renter, long-term.

CHAIR - Who do you think the role should sit with, in trying to focus on the messaging that is probably very effective and helpful in broad terms, but there is group over here that can't adopt it or apply it. Whose job is that?

Mr BARTL - We need legislative change to say that properties need to be energy efficient. I don’t think it is a role of educators to say, 'If you keep your blinds closed in winter, your property is going to be warmer' because there are lots of social housing properties where there are no blinds. I believe we need to say there are minimum energy-efficient standards that every property has to have.

DEPUTY CHAIR - Or if there is an instruction not to use these type of heaters because they're really inefficient - well, if that is the only heater you have in your house, you can't do anything about it?

Mr BARTL - That's right; and you can't change the heater without the landlord's permission.

DEPUTY CHAIR - So, you are trapped in it. That is really good feedback, thank you. I had a question about another sort of conundrum that is starting to emerge through some of the submissions and even in today's evidence. There are concessions and subsidies and incentives for, say, a landlord, even in Victoria; and then there are concessions for people with concession cards and things like that. I'm sure you get the same feedback, because a lot of people who are struggling don't fit into either of those categories. Are you aware of any other jurisdictions that have found ways to take pressure off that group? Obviously, we are in an energy setting here but I would be interested in whether there is a way to have concessions or different tariffs or something like that for people who are demonstrably struggling but don't necessarily have a government card that say they are.

Mr BARTL - I would have to get back to you on that; I'll take it on notice. One model that some jurisdictions have applied in relation to water use - or at least it has been recommended - is that everyone has a fixed amount of water that they are allowed to use and they are not going to be charged on that. It is only above that that you will be charged. That applies across the board, and it means that people who don't go above it don't have to pay anything, but above it you have to pay more. Potentially, that is a model that you could have a look at.

DEPUTY CHAIR - That could, perhaps, even up that 1 per cent, 6 per cent sort of issue with income.

Mr BARTL - Yes, but smarter people than me need to think about that.

CHAIR - It's featured quite largely in submissions that if you put a broad blanket change across, it potentially disproportionately helps those who least need the help. That's why I was going back to the concessions. Maybe the more targeted, specific - not broad - change, is a more effective and appropriate way to respond.

Mr BARTL - Generally speaking, renters are disadvantaged, Ruth.

CHAIR - They are.

Mr BARTL - They are; and if they weren't, they would buy their own home. Yes, there are some people like computer technicians who like to travel the world; they want to rent because they like the lifestyle, being able to move with short notice. But generally speaking, renters live in rental properties because they can't afford to buy their own home - which is why we need the modifications to be made by the people who can afford to make them.

DEPUTY CHAIR - Another challenge for renters - and I am not sure about the current state of it as I haven't moved for the past couple years - is the cut-off and connection charges. If you are having to move house a lot, that smashes you every time. You have to pay a removalist, you have to pay TasNetworks to cut you off, you have to pay TasNetworks to put you back on. Do you think that that is necessarily fair? And, if we are talking about the pressures on renters, do you think we could use the ability of the state owning all those businesses to potentially look at things like a fee waiver for people who are constantly having to move and connect and reconnect their power?

Mr BARTL - I think that is a great idea, Luke. Just earlier today our communications officer looked at the average length of a tenancy because most lease agreements are for one year. Her research is that the average length of a rental is about 30 months but obviously that is taking into account people who have been in the properties for 10 years and one year. There is a percentage of renters who are being moved on at the end of every 12 months. Often for those people, it is another cost impost, having to pay four weeks' rent as bond, having to pay two weeks' rent in advance then having to have the electricity put on as well. Potentially, if the Government was prepared to consider a fee waiver for renters -

DEPUTY CHAIR - That would potentially be something that is quite targeted because it is a cohort of people who could do with the relief and you couldn't make an argument that a concession for that type of renter wasn't fair?

Mr BARTL - Yes, I think that is great idea.

CHAIR - I don't understand exactly what is required in the cutting off of the electricity when you end your tenancy and then the reinstatement. But I would have thought, with the new technology and the smart meters, all that involves is pressing a button and generating an invoice, and the same on the other end - could be wrong, could be entirely wrong. But I'm wondering why there is such a significant cost of this. That is a matter, perhaps, for other people to answer. But I am thinking that these are the sort of things that are probably embedded in the system that have never really been looked at. Why are we charging this amount? Is it a cost recovery or a little profit on the side?

Mr BARTL - Yes, I think that is a really good point. I know, in a different context, the Public Trustee were charging $3 every time they paid someone's bill. When someone had to go to the bank to pay it, I can understand why you would have to charge $3 but 20 years later when everything is electronic, why are you still charging $3 to do that?

CHAIR - Everything is done on the computer.

Mr BARTL - If everything is done electronically, it is just someone sitting behind a desk. Why is the bill as high as it is?

One other point I would like to make is that in 2020 there was a housing affordability inquiry. One of the recommendations made was that there should be a review of the Residential Tenancy Act, including looking at minimum energy-efficiency standards. It is something that these types of committees have recommended in the past and -

CHAIR - And hasn't been taken up.

DEPUTY CHAIR - Do we know, from Tasmania's stock of rentals, what percentage of those aren't up to a standard that's acceptable?

Mr BARTL - No, we do not have that data, Luke. As you are probably aware, every time the building code gets updated, which I think is every year or two, then every property that is built after that has to meet a new standard. The newer the house, generally, the better the energy-efficiency standards. But, particularly with the social housing stock, a lot of it is old, it is cold and we really should be trying to raise those houses, in particular, to a particular standard.

Ms LOVELL - Are there minimum standards on new builds now?

Mr BARTL - There are but there is not anything in the Residential Tenancy Act. That is just the building codes - double glazing and things like that.

Mr GAFFNEY - It seems to me that landlords have rental properties and every time I hear this, they go, 'Oh God, it's going to cost me more money', or whatever. But it might be a case that there could be incentives for landlords to do that work because that would improve the longevity of their building as well.

Mr BARTL - That is exactly right, Mike. The other point is that if you do make energy-efficient changes to your property, (a) the renter is going to be there for longer, and (b) it is going to increase the value of the property. It means that if you sell the property, the buyer is going to offer a higher price because they know they are not going to have to make these changes to make it more liveable. So, yes, I think there are advantages and economic benefits to landlords to have these minimum standards put in place.

DEPUTY CHAIR - They do have an incentive scheme already in place called negative gearing, don't they? There are concessions that already exist to be able to do this sort of work, being careful not to reinvent the wheel with how we can incentivise that sort of stuff, if it's a pathway the Government might go down.

Mr BARTL - Good luck arguing that with your federal colleagues, Luke.

DEPUTY CHAIR - I was saying that it is there, so take advantage of it; use it for good.

CHAIR - Some evidence suggests that if you are going to put in requirements like they have put in place in Victoria and ACT that there needs to be some protection around not just hiking up the rent unreasonably. This is also talked about with the installation of solar panels, regardless of a potential issue with whose name needs to be on the bill. But it has benefit to the value of the property and it has benefit to the tenant, too, in lower electricity prices - because they are using less; then making sure that is apportioned without this massive recoup from the property owner. Does that need to be legislated as well, something like that? How do you achieve that without looking to be capping rental prices or anything?

Mr BARTL - I would say the law probably does protect renters in that situation because what the law currently provides is that rent can only be market rent. If a renter is already paying market rent and then the landlord installs solar panels, they would not be able to increase the rent because it is already market rent. It would only be renters who are paying below market rent. The landlord uses the excuse of, 'I've made all of these modifications so I want to put it up to market rent', but they are able to do that anyway.

CHAIR - Without doing anything.

Mr BARTL - Exactly, they don't need that excuse as it stands. They can just say it's market rent.

CHAIR - You are saying that there is adequate protection for tenants in that situation?

Mr BARTL - Yes.

DEPUTY CHAIR - If that is the case, we really appreciate your time and what you have shared with us and being very efficient with your time, and a lot of food for thought for us as we go through this process. Today is day one. I think that is an advantage because the things that we pick up today can go through everyone else that we bring in front of us throughout the process. That includes government businesses, et cetera, and members of the Government. So, we really appreciate your time. If you've got any closing thoughts, please feel free.

Mr BARTL - I was just going to say I will provide a supplementary submission which addresses all your questions, so look out for that. When would you like that, when are you hoping to get your paper done?

DEPUTY CHAIR - We still have other hearings to happen through February.

Mr BARTL - Oh, great, you'll have it before then.

DEPUTY CHAIR - Don't put off your Christmas shopping before you do that.

CHAIR - One area that I don't know if you are aware of the extent, the energy debt that Aurora customers have. Is that something that comes to you?

Mr BARTL - We did note that in our submission but I took that from the TasCOSS submission, so I suggest talk to TasCOSS about that.

CHAIR - They went into a bit more detail.

DEPUTY CHAIR - Thank you very much.

THE WITNESS WITHDREW.

The Committee adjourned at 2.40 p.m.