



Energy and Utilities Administration Amendment (Climate Change Fund) Bill 2007

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Extract from NSW Legislative Assembly Hansard and Papers Tuesday 19 June 2007.

Agreement in Principle

Mr PHILIP KOPERBERG (Blue Mountains—Minister for Climate Change, Environment and Water) [9.23 p.m.]: I move:

That this bill be now agreed to in principle.

The consensus of scientific experts is that climate change is a global problem with potentially devastating consequences for New South Wales. In our State climate change will mean more extreme heat and, as a consequence, more bushfires. It will mean less rainfall—although that is difficult to believe if we step outside the House at the moment—and reduced river flows and water availability. Climate change will also mean more increased frequency and severity of extreme weather events such as storms and flooding. The lemma Government has been a leader in responding to the threat of climate change. The Premier, with his interstate counterparts, has been the driving force that has finally convinced the Prime Minister to make a belated, and as yet incomplete, commitment to a national emissions trading scheme. Within New South Wales the Government is also acting very powerfully to help our citizens make their own changes to help reduce future impacts. Through this legislation the New South Wales Government will establish a Climate Change Fund.

This \$310 million initiative will help us respond to two key challenges of climate change: water scarcity and the need to reduce greenhouse gas emissions from electricity generation. The bill will extend the Water and Energy Savings Funds we established in 2005 and expand a very successful program to help business, government, schools, industry and households save water and energy. Today the first \$70 million was allocated to the first year of implementation of the Climate Change Fund. In saving energy the Climate Change Fund will save electricity, reduce peak demand and reduce greenhouse gas emissions and the contribution they make to global warming. Through improving water efficiency we will save drinking water in every town and region across New South Wales and better manage an increasingly precious resource. The bill will create the \$310 million Climate Change Fund to be used to support water and energy saving projects across New South Wales. It will extend the opportunities for water funding to all of New South Wales and it will provide, for the first time, a helping hand to all New South Wales householders to make their homes more water and energy efficient. A residential rebate program will provide rebates for rainwater tanks, insulation and hot water systems. The rainwater tanks rebate will provide up to \$1,500 for householders. To maximise drinking water savings the rebate will be scaled to provide the highest level to people who connect the tank to toilets and washing

machines. By enabling householders to harvest their own water to flush toilets and wash clothes the rebate program will help to save town water in every centre in New South Wales. The insulation and hot water system rebates will help householders reduce greenhouse gas emissions and electricity bills. Like the Water and Energy Savings Funds, this support will help overcome one of the major barriers to water and energy efficiency, which is the upfront cost. Most families realise that investment in energy savings such as with solar hot water systems saves money over time, but many families cannot afford the initial establishment costs. This fund will be available to help the whole community respond to those savings challenges.

The Climate Change Fund will also reduce greenhouse gas emissions by supporting renewable energy technologies. The New South Wales Renewable Energy Target Scheme demonstrates the Government's commitment to stimulating the renewable energy industry in New South Wales. The Climate Change Fund will provide a further \$40 million stimulus by helping to get clean energy ideas from the drawing board into the marketplace. Schools, schoolchildren and their parents will also be given the opportunity to save water, energy and emissions through two programs under the Climate Change Fund. The Schools Energy Efficiency Program will offer high schools the chance to have their lighting retrofitted to improve energy efficiency and provide participating schools with a fund to spend as they choose on identified water and energy saving projects. By 2011 every government school in New South Wales will also be harvesting its own water and using it, where possible, to flush toilets.

Local councils and managers and owners of community facilities and public buildings will be able to establish showcases for water and energy excellence through a Public Facilities Program. This funding will support water and energy saving projects in public or educational facilities that demonstrate the potential for savings to a wider audience. The Climate Change Fund will extend this existing program to include water as well as energy saving projects. As I mentioned before, the Water and Energy Savings Funds upon which this new program builds have provided financial support for savings projects which would not have proceeded without it. The funds bridged the gap between the cost of investment in energy and water savings and the business case for investment. The Climate Change Fund will enable the Government to continue to develop its programs to drive reduction in energy and water usage as the State's highest water and energy using industrial and commercial activities.

I now turn to the details of the bill. The Energy and Utilities Administration Act 1987 will be amended to replace the Water Savings Fund and the Energy Savings Fund with the Climate Change Fund. The purposes of the Climate Change Fund are to provide funding to reduce greenhouse gas emissions and the impacts of climate change associated with water and energy activities, to encourage water and energy savings and the recycling of water, to reduce the demand for water and energy, including addressing peak demand for energy, to stimulate investment in innovative water and energy savings measures, to increase public awareness and acceptance of the importance of climate change and water and energy savings measures, and to provide contributions made by the State for the purposes of national energy regulation.

These purposes include those of the current Water and Energy Savings Funds and

add new climate change related objectives. Given the Government's commitment to establish the Renewable Energy Development Program under the fund, the Act will no longer specify that it is not a purpose of the fund to provide funding for low-emission power generation. The aims and expenditure of the Climate Change Fund are not restricted to reducing water demand in water savings areas as was the case under the Water Savings Fund. This will allow programs to be delivered statewide rather than restricted to water savings areas. Under provisions already in the Act and a subsequent regulation the Minister can require certain water utilities—Sydney Water, Gosford City Council and Wyong Shire Council—and the electricity distribution network service providers—EnergyAustralia, Country Energy and Integral Energy—to make annual contributions to the fund by order published in the *Government Gazette*.

If any other water agencies are to contribute to the fund the Minister must prescribe the agency by regulation following consultation with the Minister for Water Utilities, if they are State-owned corporations, or the Local Government and Shires Associations of New South Wales, if otherwise. Other functions established in the Act when the Government first introduced the water and energy savings initiatives in 2005 will be retained. These include provision for funds to be sourced from other mechanisms, and the ability for the Minister to establish committees to advise him on the fund. The bill will preserve the second initiative introduced by the Government in 2005 requiring high water and energy users to prepare saving action plans that set out measures to save water and energy. These measures will continue to be driven strongly by the Government.

The bill provides for a very practical approach in New South Wales. It provides for the customers of energy and water utilities to contribute the resources needed to transform our approach to how we use and conserve energy and water. It builds on the very successful separate energy and water savings funds provision, expanded to help tackle climate change. I commend the bill to the House.