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

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ENERGY AND UTILITIES ADMINISTRATION AMENDMENT (CLIMATE CHANGE FUND) BILL 2007

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Second Reading

The Hon. TONY KELLY (Minister for Lands, Minister for Rural Affairs, Minister for Regional Development, and Vice-President of the Executive Council) [11.56 a.m.]:
I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

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, and 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 like 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 be available to help 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 like 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 will 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. Under the bill the purposes of the Climate Change Fund are not restricted to reducing water demand in water savings areas in the way the purposes of and therefore payments were for 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 advisory 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.

The Hon. RICK COLLESS [11.57 a.m.]: I offer the Coalition's support for this bill, although, as I will explain, we have concerns about it and will be moving some amendments in Committee to overcome them. This bill seeks to establish a Climate Change Fund under the Energy and Utilities (Administration) Act to provide funding for savings in energy and water. It comes as no surprise that funding currently exists for these purposes under that Act and that the new Climate Change Fund is merely a change of name for the Energy Savings Fund and the Water Savings Fund. This bill is nothing more than typically cynical lemma Government sleight of hand to make it look as though it is doing something about climate change.

The explanatory notes attached to the bill admit that the new fund is a continuation of the existing water and energy savings funds. The Government also claims that funding will be provided to reduce the impact of climate change. It will be very interesting to see the guidelines for funding projects under that heading. The Minister claimed in his speech in the other place that the \$310 million—\$70 million of which will be spent in the 2007-08 financial year—will help the Government to respond to two key climate change challenges: water scarcity and greenhouse gas emissions from electricity generation. Knowing the Treasurer's view on climate

change, it is quite an achievement for the Minister for Climate Change, Environment and Water to try to con \$310 million out of him for climate change projects.

The Minister referred to a rebate of \$1,500 for the installation of water tanks attached to toilets and washing machines. All members would appreciate that the Coalition announced that policy during the last election campaign. Tanks are all we have in country New South Wales. I wonder whether the rainwater tank rebate will apply to all householders in New South Wales, including those who have no other water supply. It is no secret that country people have been living with rainwater tanks all their lives. It is the best-tasting and healthiest water that one could hope to drink. The Government has also announced rebates for the installation of insulation in houses. Of course, many people have already insulated their homes, particularly those living in the colder, higher areas of New South Wales. We would not be able to survive in those areas without insulated houses. What about the householders who have already completed those works? Will they be disadvantaged because they will not be eligible for the subsidy?

There is a sting in the tail of this bill. The second reading speech states that the Minister can now require water utility providers and energy distributors to make annual contributions to the Climate Change Fund. Water and energy prices will jump dramatically as a result.

It is a shame that the Government has not done something to harvest the 600-plus gegalitres of water that pours out into the sea from Sydney's suburbs every year. That must be the greatest waste of water that occurs in this State. Instead, the Government has continued to proceed with the \$2 billion energy-hungry desalination plant, which will be forced to continue operating even when Warragamba Dam is full and overflowing. Even when it is discharging a flood down the Hawkesbury Valley, the desalination plant will still be chewing up energy to produce water that will not be needed at that time. What an absolute abject waste of money and energy!

There is concern that this \$310 million fund is nothing more than a slush fund paid for by contributions raised at the Minister's discretion from water and energy authorities across the State. We are concerned about the transparency of this fund. How will these projects be selected, how will they be managed, and how will they be monitored? How can we be sure that money from the fund is spent on reducing the impacts of climate change, rather than poured into a ministerial honey pot? I will move amendments in Committee to ensure that projects are contestable, that funding is transparent, and that details of the projects and funding are reported back to the Parliament.

I take this opportunity to remind the Treasurer how impressed we were to hear that \$310 million had been donated to a climate change fund given that we all know his views on climate change. The reality of climate change is that if it is caused by carbon dioxide—

Pursuant to sessional orders business interrupted and set down as an order of the day for a later hour.

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