

Request for Costing an Election Commitment

Name of proposal:	Just transition to a zero emissions future
Person requesting costing:	Shane Rattenbury MLA
Date of request:	7 October 2020
Summary of proposal:	<p>This proposal is part of the Greens plan for ensuring a just transition to a zero emissions society where renewable electricity is affordable for everyone, buildings and homes are sustainable and climate change ready, and more people are employed in the green economy.</p> <p>It will improve energy efficiency and reduce energy costs for low income households, renters and public housing tenants.</p> <p>This proposal will establish a \$50 million fund to:</p> <ul style="list-style-type: none"> - Upgrade existing ACT Government housing to improve energy efficiency and shift to efficient electric appliances; and - Provide no interest loans to landlords and low-income owner occupiers to improve energy efficiency and shift to efficient electric appliances. <p>For more information see https://greens.org.au/act/just-transition.</p>
Issue the proposal will address:	<p>Climate change is the biggest threat our society and our planet collectively face, yet some groups will be more impacted than others, making action on climate change a social justice issue.</p> <p>People on low incomes often can't afford to heat or cool their houses - an issue compounded by the poor energy efficiency of Canberra's older and cheaper housing.</p> <p>Meanwhile, as renewable electricity becomes more affordable, renters and people on low incomes who can't afford to transition to renewable electricity are stuck paying more for polluting, outdated gas technology.</p> <p>This means that wealthier Canberrans typically pay less to heat their homes with clean energy than people on lower incomes, who are stuck with gas.</p>
What are the key assumptions that have been made in the proposal?	
Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.	
<ul style="list-style-type: none"> • Interest rate of 1.6% is applied, repayments assume a 10-year term and a 5% non-repayment rate. • The \$50 million fund will seek to leverage capital from the Clean Energy Finance Corporation (CEFC) and the Australian Renewable Energy Agency (ARENA) and will utilise reverse auctions for the most cost-effective solutions. • This cooperative model has been successfully used to expand large scale solar programs, and housing retrofits in NSW. Funding would also be sought through the 	

Federal Government's \$1.9 billion ARENA fund for low emission technologies. The program is expected to create hundreds of new local jobs.

- The program will make funding available for sustainability and energy efficiency upgrades to these properties, such as solar panels and batteries, draft sealing, insulation, glazing, efficient electric appliances, and water-saving measures. This program will also address an ongoing barrier whereby the tenant pays energy bills, but the landlord pays for capital investments, creating a reduced incentive for upgrading.
- Financial support will vary between dwelling types, and would include:
 - government funded improvements to public housing and social housing
 - a no-interest loan scheme for landlords upgrading rental properties (incorporating the Greens sustainability infrastructure scheme from our Home for All initiative)
- Reverse auction results, and the response from the private sector will help determine the details of the scheme.
- An average life of 15 years for upgrades/appliances was used in estimating depreciation for Government housing assets. Actual life of appliances varies, and the nature of upgrades will depend on individual needs.
- Using an average cost of \$10,000 per upgrade in ACT Government dwellings, this funding would upgrade 2,600 properties.
- Applying an average loan of \$10,000 the no interest loans would offer support to 2,400 households.

	2020-21 (\$'000)	2021-22 (\$'000)	2022-23 (\$'000)	2023-24 (\$'000)	Total (\$'000)
Upgrade existing ACT Government housing to improve energy efficiency and shift to efficient electric appliances	- 5,000	- 7,000	- 7,000	- 7,000	- 26,000
Depreciation		- 200	- 667	- 1,133	- 2,000
Provide no interest loans to landlords and low income owner occupiers to improve energy efficiency and shift to efficient electric appliances	- 3,000	- 7,000	- 7,000	- 7,000	- 24,000
Interest on loan component	-48	-161	-275	-660	-1,144
Loan repayments (10 year term)		285	950	1,615	2,850
Staffing to support \$50 million fund (1 SOG C and 1 ASO6 position)	- 216	- 281	- 287	- 292	- 1,077
Total	8,264	14,357	14,278	14,471	51,371

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

Revenue^(a)		285	950	1,615	2,850
Expenses^(a)	-216	-281	-287	-292	-27,077
Capital	-8,048	-7,161	-7,275	-7,660	-25,144
Depreciation		-200	-667	-1,133	-2,000

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?
No
Where relevant, is funding for the proposal to be demand driven or a capped amount?
Capped
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?
ARENA and CEFC funding would be sought in addition to these funds.
Will funding/the cost require indexation?
No
Who will administer the proposal?
Housing ACT, Community Services Directorate
How will the proposal be administered?
Staffing cost have been included.
Is the proposal part of a broader package?
Yes, Just transition. Elements of the package not included in this costing either do not have a cost impact or are proposed to be done within existing resources.
Has an allowance been made for expenses necessary to support the implementation of this proposal?
<ul style="list-style-type: none"> – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
Administration staffing has been included. Management support would be provided by the Directorates.
Will the proposal generate savings or offsets?
Repayments from the no interest loan component will offset part of this spending.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No
What are the community impacts associated with the proposal? Who and how many people will be affected?

Low income households, renters and public housing tenants would benefit from the improved energy efficiency and reduced energy costs delivered by this proposal. Low income households would have access to funds to enable them to improve energy efficiency and upgrade to energy efficient appliances, resulting in long term savings in energy costs and improved comfort. Renters and public housing tenants would benefit from having a more comfortable and efficient home and reduced energy bills.

Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?

No

What is the intended implementation date of the proposal?

Early 2021

When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.

Mid 2021

Will the proposal cease, and if so, when?

June 2024

Is there any additional information relevant to this proposal?

No