

**Government of
South Australia**

Hon. Patrick Conlon BA LLB (Hons) MP

Minister for Transport

Minister for Infrastructure

Minister for Energy

Dr Neil Byron
Presiding Commissioner
Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 8003

Dear Dr Byron

I refer to your comments on 5AA's Radio Talkback on Thursday, 21 April 2005, associated with the Productivity Commission's Inquiry into Energy Efficiency.

As you may be aware, the South Australian Government is a strong supporter of energy efficiency, as it can be a cost-effective method of reducing greenhouse gas emissions, thereby ensuring a sustainable future for all South Australians, while deferring the need for considerable investments in new generation and network capacity.

In South Australia a range of successful initiatives has been developed and introduced by the Government to improve energy efficiency. The South Australian Government submission to the Productivity Commission's Energy Efficiency Inquiry Issues Paper lists a number of these programs. As part of South Australia's Strategic Plan, the Government has established a target to increase the energy efficiency of dwellings by 10% within 10 years. A five-star energy requirement for new houses will be introduced by May 2006.

I note your comments on radio regarding the need for the State Government to install efficient heating and insulation systems into Housing Trust properties. I consider that your comments were somewhat misleading with regard to the situation in South Australia. For example, over the past five years, the South Australian Government has installed approximately 2,200 efficient heaters in Housing Trust homes within the colder, wetter parts of the State. The areas include the Lower South East, Adelaide Hills, Fleurieu Peninsula and the Mid North of the State.

In conjunction with the Disability Services Office, the Housing Trust is providing heating/cooling appliances to tenants who have disabilities that result in an inability to regulate body temperature.

Regarding the need for insulation, the Housing Trust is already committed to producing energy efficient houses to minimise the cost of electricity to tenants. As noted in Appendix B of the Productivity Commission's Inquiry into Energy Efficiency Draft Report, the Housing Trust builds houses that exceed the mandatory 4 star house energy rating, with the majority achieving a 5 star house energy rating. This has been achieved through careful design in relation to orientation of living areas, minimum R1.5 insulation material in external walls, minimum R3.0 insulation material in ceilings, installation of efficient fixtures and fittings including AAA rated taps and outlets, energy efficient appliances and effective shading of west facing windows.

In addition, the South Australian Government introduced a \$2.05 million energy efficiency program for low-income households, run in partnership with local community based organisations. The program includes free energy audits for low-income households which identify how the householder can reduce the cost of heating and cooling without reducing their own comfort.

To assist with recent increases in energy costs, the State Government's Energy Concession was increased from \$70 per annum to \$120 per annum. Also, in a first for South Australia, the Energy Concession was extended to self-funded retirees who hold a Commonwealth Seniors Health Card.

During the radio interview, you also mentioned that there was much the government could do in regards to energy advisory services and information to promote energy efficiency; both for the environment and for people's 'own hip pockets'. The South Australian Government provides a comprehensive energy advisory service, with both a shop front service and call centre as well as extensive information on the Energy SA website.

I note these comments are not entirely aligned with the Productivity Commission's draft findings regarding the Energy Efficiency inquiry, which appear to be based on consideration of a very narrow view of 'cost effectiveness' from the stand point of individual private sector decision makers rather than the more appropriate broader social public benefit considerations that inform public policy making. I urge the Commission to consider the economic, social and environmental potential of energy efficient products and services in addition to their 'cost effectiveness'.

The South Australian Government is currently drafting a submission regarding the Productivity Commission's Draft Report, for your consideration.

Yours sincerely

**HON PATRICK CONLON MP
MINISTER FOR ENERGY**

26 June 2005