



STUART WHITE

Throwing dollars at householders may be a political solution but reducing demand for energy is the ultimate answer to cutting emissions and power costs.

Smarter ways to cut carbon and spare the power bills

FORGET "smart electricity grids" and "smart meters"; what we really need is smarter energy policies that deliver lower energy bills and lower carbon emissions.

Above all, we need energy policies that focus on long-term solutions, rather than a short-term political fix. A smarter energy policy would not just take the pressure off consumers and the climate but also set up the NSW economy to play a significant role in the global clean-energy revolution that is already underway.

A smarter energy policy means fixing the mistakes of the current government while building on its successes. Here are a few suggestions.

Asked where the current government has got it wrong on energy, most voters would probably point to their steeply rising power bills. Encouraged by media headlines, many people might be tempted to blame rising bills on efforts to fight climate change. However to date, the renewable energy target and other green initiatives have had a very small impact on prices. And contrary to conventional wisdom, reducing emissions can moderate rises in power prices and bills. How? The key is in helping customers to be smarter in their energy use and cut energy wastage – the cheapest, quickest and probably biggest solution for reducing greenhouse gas emissions.

The government's preoccupation with privatisation has clearly distracted it from the factors driving up prices. By far the dominant factor has been an unprecedented surge in capital expenditure by the government-owned electricity network businesses. This has doubled over the past few years and is now running at more than \$3 billion a year, much of it to meet growing peak demand for only a few hours a year.

The second obvious mistake should have been a triumph. The Solar Bonus scheme has put solar panels on thousands of homes, saving money for families and delivering a massive boost to the solar industry in NSW. But due to poor manage-



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ment and an excessive feed-in tariff, the cost has blown out by hundreds of millions of dollars. Now the scheme has been prematurely closed and the industry has gone from boom to bust. Again.

So far it doesn't look like our leaders are learning from these mistakes. The key proposals of both the Premier, Kristina Kennelly, and Opposition Leader, Barry O'Farrell, have been to offer households rebates of up to \$250. The electorate has

rejected the first full of cash approach in the past and concerns over who pays for such rebates and how long they would last will further fuel voter cynicism.

The smarter approach would be to address the causes of price rises by redirecting a sizeable share of expenditure on new network infrastructure funding towards reducing the need for it. Information, incentives, community engagement and restructured prices can directly help con-

sumers reduce consumption and indirectly moderate prices by reducing the need for more infrastructure. This is not a radical idea. California has made energy efficiency and reducing peak demand its top two energy priorities since 2003.

This smarter approach requires three key elements: targets, funding and expertise. Some of these elements have already been established by the current government but need developing.

The NSW Energy Savings Scheme sets targets for electricity retailers to help customers save energy – 4 per cent by 2014. This innovative scheme should also be extended to require the network businesses to set targets to reduce the growth in peak demand, which is one of the main drivers of price rises.

The Climate Change Fund (which started life as the Energy Savings Fund) is a positive mechanism for generating resources to save energy and reduce peak demand. But now the government plans to raid the fund to pay for the Solar Bonus cost blow-out. Who thought it was a good idea to shut down a scheme that is helping households and businesses to save energy at a cost of 3¢ per kilowatt-hour and instead use it to pay for a solar power scheme that costs 60¢ per kilowatt-hour? Well managed, the Climate Change Fund should more than pay for itself in reduced bills and infrastructure avoided.

The Climate Change Fund should also be used to create the third crucial element of a smarter energy policy: expertise. One reason the government is short of good ideas to cut energy bills and emissions is that it has not invested in the research and skills to develop them. How much more could we reduce power bills if the government had invested as much in practical energy savings expertise as it did in privatisation consultants?

Finally, in terms of successes to build on, the NSW government's Greenhouse Gas Abatement Scheme, despite its flaws, was truly path-breaking. It has cut tens of millions of tonnes of CO₂ emissions at a cost of a few measly dollars a tonne. And it has done so without either billions of dollars in compensation or significantly increasing electricity prices. Given the agonised contortions of the federal government over an emissions trading scheme, it is ironic that one-third of Australians have been living happily in this state with an effective market-based cap and price on carbon emissions since 2003. The Prime Minister, Julia Gillard, (and Mr O'Farrell) please take note.

Professor Stuart White is the director of the Institute for Sustainable Futures at the University of Technology, Sydney.

Aborigines need a hand-up not more hand-outs

Improving standards and opportunities are a start, writes **Warren Mundine**.

THE Aboriginal people of NSW are a resilient, adaptable mob: we've been coping with new governments for 223 years. In the spirit of that history, I'd like to offer advice to the next state government.

When it comes to Aboriginal affairs, the No. 1 priority must be to lift Aboriginal people's socio-economic standards to at least match those of the wider NSW population – and to make this change sustainable.

It's a tall order. But it must be done. The policy shift that needs to happen to make this change is simple. The new government's policies and programs must be firmly rooted in a paradigm of economic development, not a welfare mentality.

The next state government needs clear plans to move Aboriginal people from welfare to employment; to create an environment that sustains the development of indigenous enterprise; and to give Aboriginal people the same opportunities to participate in the wider state, national and global economy. The end goal of "closing the gap" is not to create a separate, isolated community but to ensure Aborigines enjoy the same benefits as everyone else.

How does government do this? The first step is one that state and federal governments have already recognised: improving standards of literacy and numeracy from pre-school onwards, to match the rest of Australia and ensure Aborigines are competitive in the employment marketplace.

The second step is to continue to build on that base and provide opportunities for vocational and higher education to equip students with the skills they need to enter the workforce. Innovative programs such as the "1000 Accountants" project show the way: you can run a successful business without a good accountant and financial knowledge.

Business will benefit from these outcomes, so it's only fair that they play their part too, and offer the sort of on-the-job training and mentoring opportunities that can be provided in a classroom.

These sorts of approaches require a new way of looking at the relationship between the public and private sector that harnesses the knowledge of both groups to drive innovative solutions for Aboriginal people. It should go without saying that it's essential to retain a distinct minister and Department of Aboriginal Affairs. This is not just a symbol of the importance of Aboriginal affairs, but a practical recognition of the breadth and depth of the issues.

There are several important policies already under way. Whoever is elected on March 26 must honour the bipartisan support displayed last year in debate on Aboriginal cultural heritage amendments to the National Parks and Wildlife Act, and work closely with the Aboriginal Culture and Heritage Reform working party to develop and

implement new stand-alone Aboriginal cultural heritage legislation for NSW, bringing us into line with every other state.

Finally, I'd like to see all parties commit to improving levels of Aboriginal representation in State Parliament. It's shameful that only one Aboriginal person, Linda Burney, has sat in the oldest parliament in the land.

Any parliament will have its own mix of new and old faces who bring their own issues, constituencies and life-experiences to Macquarie Street. To those elected to the 55th Parliament of NSW, I'd say this: we have much common ground, perhaps more than many of you realise. Finding that consensus requires an open mind. I urge you: make an effort, not just assumptions.

Warren Mundine is the chief executive of NTSORP (Native Title Service) and chairman of the Australian Indigenous Chamber of Commerce. A Bundjalung and Gumbayngirr man, he is also a former national president of the ALP.