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VICTORIAN RENEWABLE ENERGY TARGET MOVE UNWELCOME: IPA

Rather than being amended, enhanced or trimmed, the Renewable Energy Target (RET) should be abolished entirely, according to free market think tank the Institute of Public Affairs.

“The Victorian Government’s announcement today that it will lobby the Federal Government to allow the States to once again pursue their own RET schemes should be dismissed as an unwelcome complication in the energy pricing debate,” says Brett Hogan, Director of Energy and Innovation Policy at the Institute of Public Affairs.

“The innocuously sounding RET actually works as a federally mandated tax on power companies, forcing them to buy more expensive renewable energy. These extra costs in turn are passed on to consumers through their electricity bills.”

“The RET was initially introduced at a modest 9,500GWh level by the Howard Government in 2001 to support emerging renewable energy generators. Like most government schemes it soon developed a life, bureaucracy, and taxpayer-supported fan base of its own and was increased to 41,000 GWh by the Rudd Government,” says Mr Hogan.

The Australian Government’s own Review Panel found in 2014 that the RET would require an additional \$22 billion in cross-subsidies to the renewables sector to 2020.

“Calls by the States to impose their own RETs are the last thing Australia needs, especially as the Federal Government and Opposition only last week agreed on a revised target of 33,000GWh due to lower energy demand,” says Mr Hogan.

“As part of the arrangement for the increased RET in 2009, States agreed to fold their current and impending schemes into the new Federal scheme. A new State scheme will only make the regulatory regime even more complicated and add to consumer and business costs.”

“Any State that reintroduces its own Renewable Energy Target will also need to establish a new compliance regime and hire more public servants to make it work.”

“Australia has some of the world’s highest land, transport and wages costs, a small internal market and is a long way away from many of our major trading partners. Access to cheap energy is one of Australia’s few areas of international competitive advantage. Every energy tax, surcharge or additional regulatory impost chips away at Australian competitiveness.”

“Price and reliability are the things currently blocking more investment in renewable energy – not a lack of regulation and taxes,” says Mr Hogan.

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