The scheme on which the ICRC is to report is already established by legislation and any recommendations it makes will have to be consistent with that legislation and within the terms of reference of the enquiry. However, it is open to the Commission to point to flaws and obvious inequities in the original concept which militate against what has to be the only raison d'etre for doing anything in this field at all and that is to reduce Australia's emissions of CO2 below current levels.

As the Ccommission points out the motives influencing people wishing to invest in solar panels are varied and not necessarily stimulated by financial or monetary considerations or the size of the feed-in tariff welcome as it might be. On the other hand there are many who are. These include saving money at the personal level by passing their costs to others who will already be burdened by national initiatives such as targets already set for the proportion of future power which must be taken from renewable sources and the considerable price rises these will bring. These will be beyond previous experience in the short term and cannot be matched by corresponding income increases without endangering national financial stability. Users who already pay more for green power as an altruistic contribution to a noble objective will be discouraged if their efforts are found not to be either effective or efficient within the state of the art in the available options.

Another group are those attracted because there is money to be made wherever a government subsidy or mandated activity exists in brokering,organising capital and construction. As the proponents of these arrangements receive their reward up-front there is a propensity to mislead investors in terms of security, difficulty and technical detail. The capital lost is not theirs but that of investors who lack technical skills to really make informed decisions. Those investors will seek redress from those who promoted the scheme in the first place, the Government.

The scheme which is the subject of the enquiry had its promotion, not from within Government but from a single backbencher who argued its merits within and out of the Assembly on generalities not on detail. It appeared not to have enthusiastic support from within the Government or from the principal electricity provider which correctly recognised the costs involved and the risk that it would be saddled with the opprobrium for the totally unnecessary general tariff rises which would flow if the uptake became widespread. At the small generator level the subsidies received are massive in relation to the capital cost a significant proprtion of which is installation. This is building on shifting sand as the subsidies are subject to change without notice. Already the Commonwealth Government has means-tested its subsidy to levels of income that are not likely to attract scale investment beyond the lowest power output which is clearly token and not in anyway contributing to reducing CO2 emissions.I would suggest that this is the traditional Treasury way of cutting out a useless subsidy which has served its political purpose and left to let inflation do its economic work.

Even a casual follower of public and world affairs would recognise that public attitudes on how to address the CO2 issue in Australia are fluid and highly politicised and while something will happen it is not clear what except it is certain that to be effective it will involve significant pain and lifestyle changes. The imperative then,in economic terms, is to make every action taken by Government as efficient as is possible. Otherwise Governments will change through the same forces that got this sceme up in the first place.

Whatever the commission recommends will be politically modified in the ACT Assembly which because of its political composition will turn the ICRC horse into a camel. I suggest that the ICRC will be the only body which could put an economic ruler over the scheme as it now stands which will show the community what it is costing and will cost if nothing is done to ensure that local generation is done at sufficient minimum scale to ensure the electicity users environmental dollar is efficiently used. At this point I emphasise that the subsidy that is being paid in the feed-in tariffs is not government money but from electricity consumers after tax income.

How might this be done? The Commission might consider that every installation that attracts subsidy and the feed in tariff as an ordinary investment subject to whatever tax law applies to any investment. At the payg level this would mean that what is earned less the cost of earning it would be assessable income and and the cost of electricity taken from the grid is paid in the usual way.

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When the capital cost of the asset is written off then the total income from generation is treated as income as with share or pension or wages with the cost of staying connected to the grid being a deduction. If the generator is a business then this will be subject to corresponding business taxes. As it is considered that local generation can bring efficiencies if part of planned management it is still open for payment of a premium feed in tariff but at a rational level which attracts individual, community and corporate investment at sufficient scale to make a difference.

Technical development in the PV industry appears rapid and there seems to be a danger that over time there will be a lot of equipment around will be technically redundant and performing no useful function in terms of generation. As with things a lot of people get for nothing they are taken without full recognition of the responsibilities and maintenance involved and the appetite and glamour will sicken and die. I understand that efficiency can fall if not properly cleaned, panels fail well before their useful life despite the public output to the contrary by politicians and special interest groups. Anybody who has used compact fluorecents for years as I have knows that. And anybody who has lived under major gum trees for 38 years as I have will know that maintenance costs tens of thousands over a lifetime and not a cent as a tax deduction and nothing from the government either. Getting up on your roof is not an enjoyable thing at any time and paying for it is astronomical. I believe the Commission should ask the government for surveys to be undertaken of all solar panels subject to subsidy and tariff concessions and recommend that concessions be withdrawn where operation and maintenance is inadequate. When heavy community support is given those who receive it, and those who give it, have a responsibility to be accountable to those who are funding it, in this case paying electricity consumers.

The Commission might give consideration to the treatment of those cases where redevelopment results in destruction before the end of useful life. In established suburbs wholesale raze to the ground development is taking place in every suburb without care about the social value and continuing residential worth of the existing structures. It would seem that to encourage or allow subsidised panels in these locations is an abuse. This is all part of the contradictions that are endemic in our community. Approvals should not be handed out like getting pets for christmas and having a responsibility for ten years. This is serious business.

Quality control is required to ensure value for the dollar and protection against in and out operators. We know what supermarkets can do in compact fluoros and we will find out there will be panels for every price group.

Perhaps the Commission might consider recommending the preparation of a consumer brochure prepared with the sponsorship of government but not prepared within government or interested commercial parties on the pros and cons so people are not misled by huxters and single issue groups about what is involved and what it costs including tax and other implications which could be the total loss of an investment just like any other.

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