



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ENVIRONMENT, CLIMATE CHANGE AND BIODIVERSITY
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Submission Cover Sheet

Inquiry into Climate Change and Greenhouse Gas Reduction (Natural
Gas Transition) Amendment Bill 2022

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Standing Committee on Environment, Climate Change and Biodiversity
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To the Committee Chair

**Submission to Inquiry into Climate Change and Greenhouse Gas Reduction
(Natural Gas Transition) Amendment Bill 2022**

The ACT Council of Social Service (ACTCOSS) advocates for social justice and represents the community sector in the ACT. ACTCOSS leads the ACT Energised Consumers project which is co-funded by Energy Consumers Australia (ECA) and the ACT Government. Through this project ACTCOSS advocates for residential, not-for-profit and small business energy consumers in the ACT. Through this project ACTCOSS also advocates for a just transition to net zero greenhouse gas emissions in the ACT and fair and just outcomes for low-income households in relation to energy more broadly.

ACTCOSS welcomes the opportunity to provide feedback to the Climate Change and Greenhouse Gas Reduction (Natural Gas Transition) Amendment Bill 2022. Climate change disproportionately impacts people who face disadvantage including people on low incomes, people with disability, people with chronic health issues and Aboriginal and Torres Strait Islander peoples. The Territory's transition away from a reliance on natural gas is a positive step towards climate change mitigation.

Phasing out of natural gas

On 4 August 2022, the ACT Government announced that 'it will phase out fossil fuel gas by 2045 by electrifying Canberra over the next two decades'. In its position paper, [Powering Canberra: Our Pathway to Electrification](#), the ACT Government has

reaffirmed its commitment to ensuring a just transition and supporting households with lower incomes and renters.¹

The primary function of this Bill is regulatory and will enable the ACT Government to modify national energy laws to prevent new natural gas connections in prescribed circumstances. ACTCOSS strongly supports the ending of gas connections to new developments (including multi-unit residential complexes and individual homes) and new greenfield suburbs.

The ACT has experienced price increases linked to the ACT's move to renewable electricity and consumers continue to experience significant increases in costs of energy more broadly. A responsible transition must involve a transparent, least cost and orderly transition to net zero emissions. This should include the ACT Government working with stakeholders to continually review and improve its roadmap to net zero emissions, emphasising the needs of vulnerable communities and transparently sharing with our community findings on the costs and benefits associated with various options for achieving net zero emissions, including both electrification and renewable gas options.

The ACT has a high reliance on gas, with [more than 131,000 households and businesses connected to Canberra's gas network](#). ACT residential and small business gas consumers have faced uncertainty around Canberra's energy transition and the future of gas, but this Bill provides us with a clear timeframe. This new certainty is welcomed by ACTCOSS.

ACTCOSS notes the plan foresees a gradual transition with a 50-60% reduction by 2025, a 65-75% reduction by 2030 and a 90-95% reduction from 1990 emissions by 2040. The ACT Government must work with the energy sector, developers, landlords, renters and their representatives, Housing ACT, community housing providers, homeowners, the community sector, business and other stakeholders to ensure that people on low incomes, in small business and facing other vulnerabilities are not stranded on the gas network at the latter end of the transition, saddled with higher costs as a result of supply charges being shared between fewer and fewer customers. More work is needed on the impacts on costs of accelerated depreciation of the gas network, including the AER providing necessary certainty to customers and to network owners as to how asset stranding is to be managed.

In particular, renters are at high risk of being stranded on an increasingly expensive gas network. Renters make up approximately one third of residents in the ACT.² Landlords have little incentive to replace old, inefficient, gas appliances leaving renters saddled with the costs of inefficient appliances and homes. Policy around transition must ensure that these groups are not only *not* left behind but are the early beneficiaries of the transition to net zero emissions.

A just transition

¹ ACT Government, [Powering Canberra: our pathway to electrification – ACT Government Position Paper](#), ACT Government, Canberra, 2022, accessed 14 August 2022.

² ABS, *4130.0 - Housing Occupancy and Costs, 2017-18*, ABS, Canberra, 2020, Summary: States and Territories, <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0~2017-18~Main%20Features~States%20and%20Territories~9>

This Bill is only one part of the required strategy to reduce greenhouse gas emissions. A comprehensive energy transition strategy must accompany this Bill to prioritise a just, fast, fair, and inclusive transition that prioritises vulnerable Canberrans and those on low incomes. ACTCOSS is concerned that many of the initiatives so far implemented have disproportionately benefited Canberrans on high incomes, shutting out those who need the most support and risking further entrenchment of disadvantage and inequality.

Evidence shows that rebate and incentive programs often disproportionately help people on higher incomes. In the ACT, \$150 million has been made available through the Sustainable Household Scheme which offers zero-interest loans of between \$2,000 and \$15,000 to eligible households to help with upfront costs of investing in energy efficient products and appliance for their homes targeted at homeowners.

Research on similar rebate and incentive programs in the United States showed that these programs disproportionately favoured those on the highest incomes. For example, by 2015, households in the US had received \$18 billion in rebates and tax credits for installing solar panels, buying ZEVs and other 'clean energy' investments. The top income quintile received 90% of these funds and the bottom three quintiles received 10%.³ This grossly disproportionate split was present across all funds targeting clean energy uptake in the US.

Just and inclusive climate action presents an opportunity to ensure that low-income households and other disadvantaged groups have access to clean, dependable and affordable energy; distributed (or consumer) energy resources (e.g. rooftop solar, battery storage, and electric vehicles); and healthy and affordable housing that is energy efficient.

However, only \$50 million has been earmarked for those on low incomes. We understand that much of that funding will be delivered through Housing ACT. While this investment is welcome it is insufficient. A recent study showed that many social housing dwellings in NSW operated outside the health and safety temperature limits for substantial periods leading to poorer health and wellbeing outcomes.⁴ It should be noted that the ACT's social housing stock is older than that of NSW.

More also needs to be done to support those living in private rental accommodation including pushing private landlords to provide safe and sustainable rental properties. ACTCOSS has indicated our support for the ACT Government's efforts to establish minimum energy efficiency standards for rental homes an important social justice measure. In our [submission on minimum standards](#), ACTCOSS stated that it supported the initial adoption of a ceiling insulation standard of R2 as a bare minimum but also:

³ Nguyen, J. 'The Adoption of Zero-Emissions Vehicles by Low-Income Consumers in California: An outcome evaluation of the clean vehicle rebate project' San Jose State University, 2020, accessed 23 August 2022.

⁴ Hadid, S. et. al. 'Integrated assessment of the extreme climatic conditions, thermal performance, vulnerability, an dwell-being in low-income housing in the subtropical climate of Australia', Energy & Buildings 272 (2022)

- recommends that the ACT Government include complementary measures as part of the initial regulation
- recommends that the ACT Government provide a clear pathway to a more ambitious minimum standard over the next 5-10 years that includes:
 - Gradually raising the minimum ceiling insulation standard
 - Adding energy efficient electric heating and/or reverse-cycle air conditioning
 - Adding energy efficient electric hot water
 - Further consideration of a performance-based standard
- Recommends tailoring financial supports for rental providers through the Vulnerable Household Energy Support Scheme and the Sustainable Household Scheme which recognises rental providers' contributions to social benefit through the provision of affordable housing
- Recommends the ACT Government take an active approach to safety, quality assurance, and monitoring and enforcement
- Suggests a range of evaluation and review options to track progress towards compliance and the impact of the regulation.

Canberrans on low incomes spend a greater portion of their income on energy bills than the average household and are most likely to be impacted by any cost increase associated with the transition. As part of protecting consumers, ACTCOSS has continually called for the ACT Government to ensure concessions, including energy concessions, are adequate and targeted to need based on a review and update of the Targeted Assistance Strategy. This should include ensuring that the Utilities Concession is adjusted in line with increase in costs of electricity, gas, and water and sewerage services for low-income households.

While the ACT Government should encourage and support the transition away from gas, this needs to be done in a way that maintains and respects people's autonomy. This is particularly important for people on low incomes or living in public or social housing, who may already feel powerless in their interactions with the government and Housing ACT. We need to ensure that social housing tenants are consulted and supported with the transition and that they have access appliances efficient and effective appliances that meet their needs and budget.

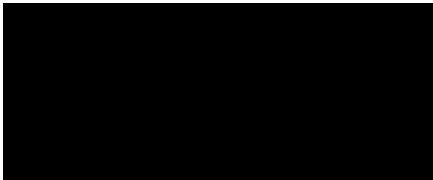
ACTCOSS has heard concerning reports that tenants in public housing slated for renewal or sale are no longer being transitioned to energy efficient appliances for heating or cooking. While a slow, considered approach to energy transition is important, people must not be left to suffer the high costs and consequences of being left on an increasingly expensive and inefficient network.

The ACT Government must also work with the community to understand the cultural implications of the transition away from gas. Gas cooking is a key cultural element of many Canberran's lives and businesses. The transition must respond to this with fit for purpose and affordable solutions.

We are in the process of finalising a report on the gas transition, and we would be happy to share this with the committee when published. We look forward to working closely with the ACT Government to ensure that climate change mitigation efforts prioritise Canberrans on low-incomes and who are experiencing disadvantage.

Climate change is a social justice issue. Globally and within our own community, disadvantaged groups are more likely to be negatively impacted by climate change.⁵ Climate action is also a social justice issue. By acting on climate change, mitigation and adaptation measures must not entrench or exacerbate disadvantage. Action on climate change should be aimed at reducing poverty and inequality and improving wellbeing.

Yours sincerely



Dr Emma Campbell
Chief Executive Officer



⁵ N Islam & J Winkel, Climate change and social inequality, DESA Working Paper No. 152, United Nations Department of Economic and Social Affairs, October 2017, https://www.un.org/esa/desa/papers/2017/wp152_2017.pdf.