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CABINET DECISION

NO. 1790

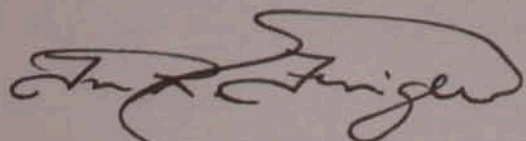
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Submission No.: 1519  
Title: SOLAR REBATE SCHEME

Cabinet decided that the Solar Rebate Scheme to provide a 10% subsidy to householders and businesses excluding -

- . the Housing Commission; and
- . all companies operating under or negotiating a formal agreement with the Northern Territory Electricity Commission to generate and sell their own electricity

for the cost of new solar equipment, exclusive of extraneous materials and installation labour costs, be implemented for a trial period of twelve months.



(M.R. FINGER),  
Secretary to Cabinet.

2 July, 1981.

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FOR CABINET

SUBMISSION No: ..... 1519 .....

Title:	SOLAR REBATE SCHEME	
Minister	I. L. TUXWORTH	
Purpose:	Establish a Solar Rebate Scheme providing for a 10% rebate of the approved new cost of solar hot water services and air conditioners for householders and businesses.	
Relation to existing policy:	Electoral promise advertised in C.L.P. official policy statement booklet entitled "Keep the Flag Flying" May, 1980.	
Timing/ legislative priority:	Scheme will be implemented on 1 July, 1981. No legislation required.	
Announcement of decision, tabling, etc:	Initially the Scheme is to be announced by a press release with ongoing advertising using the media and Government agencies.	
Acting required before announcement:	Nil	
Staffing implications, numbers and costs, etc:	Advertising costs (Est.)	\$ 8,000.00 p.a.
	Administrative costs (Est.)	8,000.00 p.a.
	Payment of subsidies (Est.)	<u>80,000.00 p.a.</u>
Total cost:		<u>\$96,000.00 p.a.</u>

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Department/Authority ..... LAW .....

COMMENT ON CABINET SUBMISSION No.

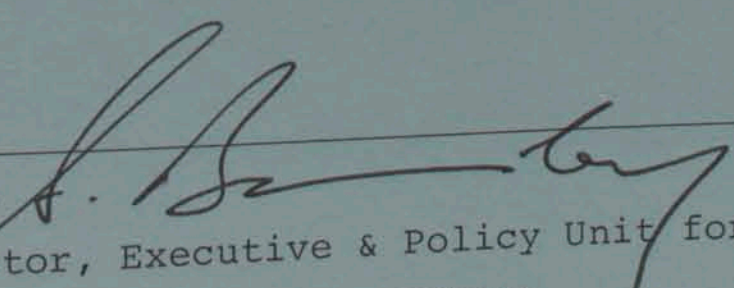
TITLE: ..... SOLAR REBATE SCHEME .....

COMMENTS:

There appear to be no constitutional or legal barriers to the proposal.

It is assumed that the two references in paragraph 15(c) to "25%" should read "half". The present text implies that 50% of new dwellings built on behalf of the private sector are not equipped with any electric hot water system.

PLEASE NOTE: Additional note - The comments contained herein are taken into account in this Submission.

SIGNED: S.R. Bailey   
DESIGNATION: Director, Executive & Policy Unit for Solicitor-General  
DATE: 22 June, 1981.

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Department/Authority ..... DEPARTMENT OF THE TREASURY

COMMENT ON CABINET SUBMISSION No.

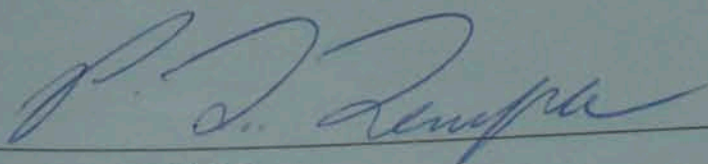
TITLE: ..... SOLAR REBATE SCHEME

COMMENTS:

Submission Supported.

There appears to be some confusion as to the date of commencement of the scheme. Page 7 of the submission says that the scheme will apply to all new installations after the 30 June 1980; paragraph 1 of the press release says that it will apply to installations from the 1 July 1981.

PLEASE NOTE: Additional note - The comments contained herein are taken into account in this Submission.



SIGNED: P.F. TEMPLE  
DESIGNATION: Deputy Under Treasurer

DATE: 23/6/81

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Department/Authority ..... DEPARTMENT OF MINES AND ENERGY .....

COMMENT ON CABINET SUBMISSION No.

TITLE: ..... SOLAR REBATE SCHEME .....

COMMENTS:

(i) Paragraph 27:

The Solar Rebate Scheme will apply to all new installations after 30 June 1981 - not 1980.

(ii) Attachment A - Press Release

Paragraph 2 should, more correctly, read :

"....represented an annual saving of 0.5 tonne of fuel oil....".

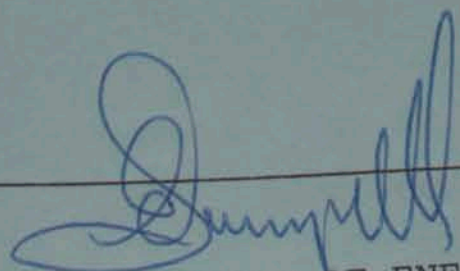
(iii) Attachment B - Appendix 2

We re-enforce our comments of 29 April 1981 on Clause 2. These comments have not been acted on.

ADDITIONAL NOTE:

PLEASE NOTE: The comments contained herein are taken into account in this Submission.

SIGNED:



DESIGNATION: DIRECTOR OF ENERGY

DATE: 23 June 1981.

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THE ISSUE

1. To present to Cabinet details of a proposed solar rebate scheme, its method of implementation and its possible effects.

BACKGROUND

2. The CLP policy document includes a statement:-

"Dollar savings on solar appliances:

\* we'll rebate 10% of the approved new cost of solar hot water services and air conditioners for householders and business."

3. The Minister for Mines and Energy noted this initiative in a memorandum to the Northern Territory Electricity Commission - 14.7.80, and requested a progress report by 1 October, 1981.

4. An estimate was prepared, covering the cost of a subsidy scheme, and submitted to the Minister on 30 July, 1980.

5. Administrative arrangements for such a scheme were drafted (refer Attachment 'B') and an amount of \$75,000 was set aside in the Appropriation Bill, Budget Paper No. 4, 1980/81, to finance the first year's operation of the scheme.

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CONSIDERATIONS

6. The policy statement refers to "householders and business" thus, the proposed Scheme is deemed to exclude the Housing Commission.

7. For administrative reasons, all Companies operating under, or negotiating a formal agreement with, the Northern Territory Electricity Commission to generate and sell their own electricity, are also excluded from the Scheme.

8. The phrase: "Dollar savings on solar appliances" and the words: "approved new cost of solar hot water services and air conditioners" suggest that the subsidy should apply only to the cost of new equipment, exclusive of extraneous material and installation labour costs.

9. It can be expected that a portion of the owners of existing dwellings equipped with electric hot water systems will be attracted by the rebate to convert to solar when they renew their hot water service.

10. Conservative estimates based on Queensland and Papua New Guinea statistics indicate that dwelling units in Darwin use about 5 kWh/day to produce hot water if equipped with an electric hot water system.

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11. 5 kWh's represent about 1.8 litres of fuel oil which on an annual basis is equivalent to 0.58 tonnes of fuel oil per residence.

12. Taking into account that some electricity is used on cloudy days to boost a solar hot water system, it would be said that a solar hot water system will save about 0.5 tonnes of fuel per residence per annum.

13. Adopting a 10% rebate level, it becomes evident that the rebate to be paid for a solar hot water system will average slightly less than, or around, \$100 per system, an amount which will be approximately offset by the value of the half tonne of fuel oil saved each year per installation. In 1981 dollars the value of the fuel is \$107.

14. Currently, electricity used in water heating in the Darwin area is not quantified.

15. The following figures which are an educated guess by the Chief Building Inspector, are used as a basis to define how effective the rebate scheme might be.

In Darwin;

(A) 75% of new dwellings are equipped with solar hot water services.



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- (B) 50% of new dwellings are built by the Housing Commission and all of these are equipped with solar hot water units.
- (C) 50% of new dwellings are built on behalf of the private sector and of these half are equipped with solar while half are equipped with electric hot water systems.

16. On the basis of the figures provided by the Chief Building Inspector, it can be seen that the potential of the rebate scheme, insofar as new installations are concerned, lies within the 25% of dwellings built with electric services, all of which are private sector developments.

17. It can be expected that the replacement or conversion of electric hot water services in established dwellings with solar units is similarly affected. Half of the conversions are likely to go solar as a matter of course, while the potential of the scheme lies with the remainder.

OPTIONS

18. The main option relates to the period of the scheme. It could either be extended beyond the next elections to 1986, or it could be reviewed and extended, modified or abandoned on a twelve monthly basis.

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19. The twelve monthly review is seen to be the safer approach as there is no practical way of pre-determining what effect the rebate might have.

PUBLIC IMPACT OF THE RECOMMENDATIONS

20. It is expected that the rebate scheme would be favourably received as an energy conservation initiative.

FINANCIAL CONSIDERATIONS

21. If it is assumed that numbers of solar appliances installed in Darwin as a result of the rebate scheme are:

Year	No. of Solar Installations		
	New Houses	Conversions	Total
1982	129	66	195
1983	135	66	201
1984	142	66	208
1985	145	66	211
1986	156	66	222

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then the savings attributable to the Scheme would be:

Year	Fuel Oil saved (tonnes)	Value of fuel saved \$1981's
1982	98	10,486
1983	166	17,762
1984	237	25,359
1985	310	33,170
1986	393	42,050

EMPLOYMENT CONSIDERATIONS

22. It is estimated that Administration of the scheme will cost about \$8,000 per annum, thus employment considerations are minimal.

COMMONWEALTH AND LOCAL GOVERNMENT RELATIONS

23. Not applicable.

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CO-ORDINATION AND CONSULTATION

24. The submission takes into account all the advice provided by close consultation with:

Department of Mines and Energy

Department of Law

Department of the Treasury

Co-ordinator General's Office

LEGISLATION

25. Not applicable.

PUBLICITY

26. Refer Attachment 'A' for draft press statement and Attachment 'B' for advertising details.

TIMING

27. The solar rebate scheme will apply to all new installations from 1 July 1981.

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RECOMMENDATIONS

28. It is recommended that the Solar Rebate Scheme to provide a 10% subsidy to householders and businesses excluding -

- 28.1 the Housing Commission,
- 28.2 all companies operating under or negotiating a formal agreement with the Northern Territory Electricity Commission to generate and sell their own Electricity,

for the cost of new solar equipment, exclusive of extraneous materials and installation labour costs, be implemented for a trial period of twelve months.

I. L. TUXWORTH

29 JUN 1981

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DRAFT PRESS RELEASE ON SOLAR REBATE

Territory electricity consumers will be eligible for a 10% rebate on the installation of solar hot water and air conditioning units from 1 July, 1981.

In announcing the rebate, the Minister for Mines and Energy, Mr Ian Tuxworth, said it was a Government initiated energy conservation measure and based on current figures represented an annual savings of 0.5 tonnes of fuel oil per solar hot water unit installed as a consequence of the rebate.

The rebate is available to both domestic and commercial consumers and the Northern Territory Electricity Commission, through its commercial offices in the major centres, will act as agent.

The rebate is available on purchase of solar equipment only and must be applied for through the Electricity Commission within twelve (12) months of the date on the official purchase receipt.

The Minister said the rebate was being offered to encourage consumers to consider solar hot water and air conditioning systems when building new residences and business premises, and to switch to solar systems when renovating or replacing conventional hot water and air conditioning units.

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Mr Tuxworth said the rebate on solar equipment was only one of a series of positive initiatives now under consideration by the Northern Territory Government in an effort to make consumers more conscious of the need to conserve energy.

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ATTACHMENT 'B'SOLAR REBATE SCHEMEPROPOSED ADMINISTRATIVE DETAILS

It is suggested that the proposed Solar Rebate Scheme be administered in the manner described herein.

DEFINITION OF APPROVED NEW COST

- (a) At each of the four main centres, the normal retail price of each size of solar hot water equipment, with and without electric booster, should be established. A draft table designed to facilitate this exercise is at Appendix 1 to Attachment 'B'.
- (b) The normal retail price shall include a component for formal road, rail or sea freight charges. Air freight or express freight charges shall not be a component of the "normal retail price".
- (c) The price should include only the equipment manufactured by and/or incorporated into specific solar equipment.
- (d) Extraneous items, for the purpose of subsidy calculations,

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are excluded e.g.

- . Copper tubing )  
Valves ) As normally supplied by a plumber
- . Electrical wiring )  
Switches ) As normally supplied by an electrician

(e) Prices so obtained to be submitted to HQ where an average price, for each size of equipment, applicable throughout the Territory, may be calculated.

(f) This price will be called the "Approved New Cost" and 10% of the amount will be the subsidy paid to the purchaser.

(g) Other equipment, e.g.

- . Domestic solar air conditioning units
- . Commercial solar air conditioning units
- . Commercial solar hot water units
- . Commercial solar low grade heat producers

will be subject of study of an itemised account at the time of application for subsidy, e.g.

Cost of components specifically manufactured for solar heat collection, storage and conversion .. .. .	\$10,000
Cost of extraneous materials .. .. .	\$ 2,000
Cost of installation .. .. .	\$ 5,000

The 10% subsidy will apply only to the first mentioned amount.

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ADVERTISING (Draft advertisement Appendix 2 to Attachment 'B')

- (a) The public's attention, at each main centre, should be drawn to the subsidy in terms of:-

"A Government initiated energy conservation measure."

- (b) Advertisements may state the "Approved New Cost" of domestic solar hot water equipment and that subsidy inquiries concerning solar equipment not within the domestic solar hot water category, should be made at N.T.E.C. Area Offices.

- (c) The scheme shall commence on the same date in each main centre. Release of advertisements shall be co-ordinated via N.T.E.C Headquarters.

PAYMENT OF SUBSIDY (Draft certificate Appendix 3 to Attachment 'B')

- (a) A standard form will be used and will include details as follows:-

. Recipient of subsidy

Name

Address - residential

Address - where solar equipment is to be installed.

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- . Details of solar equipment (Attach copy of detailed invoice and receipt of payment by supplier or equipment.)  
Details to include size, type and date of purchase.
  - . Application for payment of subsidy must be made within 12 months from date of purchase of solar equipment - as shown on equipment suppliers official receipt.
  - . Certification by the recipient that a subsidy of \$ X has been paid to the recipient.
  - . Certification by the recipient that the recipient understands that false declaration may result in legal proceedings for recovery of the subsidy and full cost of legal proceedings.
- (b) An alternative which could negate the possibility of false declaration and ensuring legal proceedings would be:
- . Inspect premises prior to consideration of application.
  - . Inspect premises when advised by applicant for subsidy, that solar equipment has been installed.

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- . Details of solar equipment (Attach copy of detailed invoice and receipt of payment by supplier or equipment.)  
Details to include size, type and date of purchase.
  - . Application for payment of subsidy must be made within 12 months from date of purchase of solar equipment - as shown on equipment suppliers official receipt.
  - . Certification by the recipient that a subsidy of \$ X has been paid to the recipient.
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- (b) An alternative which could negate the possibility of false declaration and ensuring legal proceedings would be:
- . Inspect premises prior to consideration of application.
  - . Inspect premises when advised by applicant for subsidy, that solar equipment has been installed.

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- (c) A register of all subsidy payments will be established and maintained at HQ from copies of standard receipt certificate submitted by centres, each month.
- (d) Application for recovery of subsidy payments made by N.T.E.C. to be submitted to Department of Mines and Energy on agreed documentation at agreed periods.

PERIOD OF REBATE SCHEME

- (a) The solar equipment rebate scheme will be available for application for a period of one year from the date of commencement of the scheme.
- (b) At the end of the initial twelve month period, the operation of the scheme will be reviewed and maybe extended in the same, or a modified form.

SOLAR APPLIANCESAPPROVED NEW COST

APPENDIX 1

ATTACHMENT 'B'

OPTIONS	DOLLAR COST					COMMENTS
	DARWIN	KATHERINE	TENNANT CREEK	ALICE SPRINGS	BORROLOOLA	
Package Units : Mains Pressure : Electric Booster : Roof Attachments  300 L (66 gallon) 160 - 204L (35 +45 gallon)	890 770					
Gravity Tanks C/W Collectors - No pipes or valves supplied (a) No Booster 364 L (80 gallon) 274 L (60 gallon)	660 625					
Collector Plates 1.1 m <sup>2</sup> 1.5 m <sup>2</sup> 2.0 m <sup>2</sup>	110 170 200					
Stands For Tank For Collector plates	120 30					

Draft Advertisement

"S A V E - S A V E - S A V E"

Conserve Energy and Reduce your electricity bill

The heating of domestic water is costing you money unless you already have a domestic solar water heater.

More than enough solar energy is available throughout the Territory to provide a steaming supply of domestic hot water in every household.

Take advantage of this Government initiated energy conservation measure and arrange for the installation of a solar water heater NOW - You will receive 10% rebate, CASH IN HAND, on the approved cost of the solar equipment you install. Then see the SAVINGS on all future electricity bills.

Contact your local Electricity Commission office for full details of this rebate scheme and for details of savings on other solar equipment:-

- \* Domestic solar air conditioners
- \* Commercial solar air conditioners
- \* Commercial/Industrial solar water heaters
- \* Industrial solar heat producers

SOLAR SUBSIDY SCHEME

CERTIFICATE

No. \_\_\_\_\_

CENTRE \_\_\_\_\_

N.T.E.C. OFFICER SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

1. Name of applicant for Subsidy	
2. Applicant's Residential Address	
3. Applicant's home phone number	
4. Address where solar equipment is to be installed	
Inspection #1	Date Signature
Inspection #2	Date Signature
5. Size and type of Solar equipment	Attach copy of detailed invoice
6. Receipt details from Supplier of solar equipment	Attach copy of receipt
7. Amount of Subsidy applicable	\$ _____

8. I understand that false declaration may result in legal proceeding for recovery of the subsidy and full cost of legal proceedings.

9. I certify that I have received a Solar Subsidy in the amount of \$ \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_