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MEDIA RELEASE

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CORPORATE SUBSIDY ON A MASSIVE SCALE

A statement by ACCI's Chief Economist, Burchell Wilson

Public release of the Renewable Energy Target Review's draft modelling results today shows that the RET is delivering subsidies to the renewables sector on a massive scale.

The modelling outlines that if the RET remains unchanged it will effectively deliver $37bn in subsidies to the renewable sector for the life of the scheme, most of which will benefit the wind industry.

The scale of these subsidies is vast and their cost is borne by households and industry, although well hidden.

Even if the government moves to a real 20 per cent target the revised RET would still generate $20bn worth of support to the renewables sector. Closing the scheme to new entrants merely limits that effective subsidy to $8.7bn. Only repeal of the RET ends the gravy train currently being enjoyed by the renewables sector.

ACIL Allen's modelling also reveals that the RET is a highly inefficient abatement mechanism. The cost of abatement under the large-scale element of the scheme is $54 per tonne of carbon, which is more than double the current $24.15 per tonne carbon tax. The small-scale element of the RET is grossly inefficient, imposing costs of $186 to abate one tonne of carbon.

The RET is a major policy failure. The RET seeks to abate carbon at $54 per tonne and $186 per tonne when the cost of emitting that carbon is $24.15 per tonne. The excess of that cost above the alleged benefit of abating that carbon is clearly wasteful.

Household energy bills will be higher until the end of the decade as a result of the RET according to the modelling results, on average by $54 per annum, equating to $290 over the period. All of which serves to bolster the multi-billion dollar subsidies enjoyed by the renewable sector.

These modelling results show why the RET needs to be urgently addressed by the government. The government's review of this scheme was timely and it should act boldly on the basis of these findings.

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