

Do you know what I want, what I really, really want?

[Energy](#) | [Alan Moran](#)

Herald Sun 1st April, 2011



The annual report of the Victorian Competition and Efficiency Commission demonstrates the regulatory burden imposed by the State Government increases every year.

In an attempt to get benefits from new or changed regulatory proposals, the Government requires a Regulatory Impact Statements (RIS).

In practice, these reports are often whitewashes that justify the prejudices and regulatory preferences of politicians and bureaucrats.

This is clearly the case with an RIS into Victoria's Energy Efficiency Target regulations. The key component of VEET is a tax penalty on energy retailers, which is passed on to consumers in higher prices.

This can be avoided if the retailers persuade or pay customers to use low-energy lighting, shower heads, cookers, water heaters etc. PriceWaterhouse Coopers conducted the review of VEET for the Primary Industries Department.

Central to the report's advice were estimates of the cost of the regulations to Victorian customers above the Commonwealth's proposed carbon tax.

Though renowned for its accountancy expertise, PWC turned itself into an alchemist in its review of energy efficiency. From the dry dust of regulatory measures it claims to have found gold.

According to the study, the higher the tax in Victoria the better off we'll all be.

The most important source of these benefits are said to come from reduced spending on electricity.

This is like regulators claiming they would be doing us all a favour if they forced us to save on petrol by buying a Toyota Prius rather than Commodores or even Fiestas.

On the same basis, it could be argued that if car ownership were prohibitively expensive and we all had to use public transport, we'd be even better off.

After all, regulatory proponents could claim we'd save on petrol costs and depreciation and could use the extra time it takes to get from A to B by reading a novel or chatting to our fellow passengers.

Regulatory advocates like to pretend all they are doing is providing people with what they really want.

To justify overriding consumers' wishes a magic phrase, "bounded rationality", is used. "Bounded rationality" means consumers don't have the wisdom to make the appropriate spending choices for themselves.

So those folk at PWC and in the Primary Industries Department, who are more clever and better informed, take the decisions for us.

Electrical products have long been covered by energy efficiency regulations.

These were introduced decades ago because experts claimed the world was running out of energy. Such concerns are irrelevant to coal-rich Victoria but the greenhouse scare gave the energy saving regulations a new lease of life.

Building on existing regulatory measures, the Bracks government introduced the VEET as an extra Victorian carbon

tax because the Howard government was said to be doing too little.

This was always garbage, especially after Canberra introduced a costly requirement for 20 per cent of electricity to come from wind and solar.

Australia has 300 different carbon emission restraint programs, including hugely expanded Commonwealth regulations and subsidies.

Victoria's VEET measures are unnecessary and should be allowed to lapse.

[Back to news page](#)



[Become a member of IPA today](#)



Archived news

[2014](#)

- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

[2013](#)

- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

[2012](#)

- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)
- > [April](#)

- > [March](#)
- > [February](#)
- > [January](#)

[2011](#)
[2010](#)
[2009](#)
[2008](#)
[2007](#)
[2006](#)
[2005](#)
[2004](#)
[2003](#)
[2002](#)
[2001](#)
[2000](#)
[1999](#)
[1998](#)
[1997](#)
[1996](#)

[IPA](#)

[Home](#)
[About](#)
[Key Sectors](#)
[News](#)
[Events](#)
[Publications](#)
[IPA People](#)
[Contact us](#)
[Site Help](#)
[Payment](#)

[News](#)

Useful links

[Top of page](#):: [Site help](#)
:: [Site map](#)
:: [Privacy](#)
:: [Copyright](#)
:: [Subscribe to IPA email updates](#)
:: [Unsubscribe](#)