

Sunny side to bills

How to use home solar power to make money



Noel Whittaker

THERE'S an old saying "every time I've almost got both ends to meet someone moves the other end" and it certainly applies to the household budget right now.

Just when interest rates appear to have stabilised we've been rocked by huge rises in rates, water and electricity.

Unfortunately, there is not much you can do about the rates bill unless you move and years of droughts have made most of us water savvy.

This leaves solar power as one of the few money-saving options left, and there is no shortage of choice. Governments are giving a range of incentives, which is why there are so many advertisements urging you to convert to solar power now so you can take advantage of them.

But, as I have just discovered, this is a huge undiscovered territory for the uneducated and researching it is bewildering. Hopefully, I can simplify it for you.

Since 1997, Australian governments have been tinkering with renewable-energy programs to reduce our dependence on carbon-producing fossil fuels. But, despite some progress, less than 5 per cent of our electricity comes from re-

QUESTIONS AND ANSWERS

Q IN 1982 my ex-wife and I bought a block of land jointly for \$11,000. But we divorced. The property settlement took into consideration an agreed value of \$16,000 and title of the land was transferred to my name in 1997. The value of the land is now about \$95,000. For the purposes of capital gains tax, when am I deemed to have acquired the land and which cost is applicable?

A PROVIDING the transfer of the land was a result of a property settlement on marriage breakdown registered with the court it is still a pre-1985 property. You are therefore entitled to rollover relief and no capital gains tax is applicable.

Q I AM 64 and want to put a large sum of money where it will not attract a lot of tax, but where it will be safe. I am concerned about putting it into an investment account. Can it be put into a cash account in a super fund where it will attract a reasonable amount of interest without having to pay tax on the interest? I would not want to draw on it for some time because I am still earning a salary.

A YOU are eligible under the bring forward provisions to contribute up to \$450,000 of after tax funds into super. Bear in mind that this represents three years of contributions

brought forward and you would be ineligible to contribute any more non-concessional contributions for the next three years. Once the money is in super, you can invest it in the areas that you feel are most appropriate for your situation.

Q I AM confused by losses, gains and percentages in superannuation created by the GFC. Being a member of an industry fund with a balance of \$634,000 in November 2007, I switched from 55 per cent Australian equities — 45 per cent international equities to a 70 per cent growth; 30 per cent defensive option — my account balance on 22/3/10 was \$642,000. During this period of 28.5 months I contributed \$78,000 net via salary sacrifice and superannuation guarantee. I realise there has been a reasonable tax saving through salary sacrifice. I now wonder with the supposed correction happening, was my switch and salary sacrifice positive, considering only \$8000 gained and \$70,000 lost.

A I SUGGEST you talk to the fund and get it to calculate the numbers for you. It should be a simple matter once the contributions are segregated from the balance of the investment at the dates of contributions.

newable sources. There is also a mandatory renewable energy target which aims to increase our share of renewable generation to about 20 per cent of total generation by 2020.

As a further encouragement, the Federal Government introduced Renewable Energy Certificates, which are available to anyone who installs an approved renewable energy device such as a solar power generator or a heat pump.

RECS are a marketable and traded commodity, their price varies from day to day, and your entitlement

depends on the size of the device installed and the location of the property.

Here's a simplified example of how the system works. A family buys a 1.5kW solar power generating system (the smallest size) for about \$8000. The company that sells and installs it will charge the householder \$2000 and recover the remaining \$6000 from the sale of the RECS generated by that installation.

A system of this size should generate about 6kW of power a day, so if the family uses just 4kW there will be a surplus of 2kW,

which could be sold to the grid.

Here's the interesting bit: Even though the householder will probably be paying between 8c and 18c a kW for the power they are buying, they will receive about 50c a kW for the surplus electricity they sell back to the grid.

Selling to the grid happens automatically and proceeds are shown as a credit on your power bill.

Any arrangement that allows you to buy power for 8c a kW and sell it for five times as much offers money-making opportunities. But

as always, the devil is in the detail.

Your solar power generator will only produce electricity during daylight, so if you use everything it generates during the day you will be saving only the price you are paying for the power.

But if you can put yourself into a situation where the bulk of your electricity consumption takes place at night you can do very well, because it will be sending power to the grid during the day while you are using the cheap power when it is dark.

A normal household will not be taxed on surplus power sold to the grid, and Centrelink will not assess pensioners if income from the sale of power is offset against the total power bill.

Summing up, thanks to the Government you can install a solar power generator for a quarter of its retail price and possibly make a profit on the power.

My research leads me to the conclusion that it will be highly cost-effective in some circumstances, but not at all in others. A reputable supplier will prepare a feasibility study based on your own requirements and then you can work out whether the cost will outweigh the benefits.

These examples are based on the assumption that the price of power will keep going up and the sun will keep shining. I reckon that's a safe bet.

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Exports save the day

DESPITE the global downturn, not all countries have been having a tough time.

Malaysia says its exports, the mainstay of the economy, jumped 21.9 per cent year-on-year in May because of stronger demand for electronic goods.

The Trade Ministry said shipments had risen to \$A19.2 billion, while imports were up 34.2 per cent at \$16.2 billion, producing a surplus of \$3.10 billion.

The increase was due to exports of electrical and electronic products, liquefied natural gas, crude petroleum, chemical products and palm oil.

Electrical and electronic items account for more than a third of Malaysia's exports to markets such as Singapore, China, Japan, the US and Thailand.

Export-dependent Malaysia, South-East Asia's third-largest economy, was hit hard by the global slowdown and its economy shrank 1.7 per cent last year.

But its economy is forecast to grow 5.5 per cent this year.

Correction

In the News Review finance section (Page 55) of *The Sunday Times*, June 27 edition, in Rob Pass' Dark Horses section, Decmil Group was incorrectly recommended as a Dark Horse tip. It should read Discovery Metals.

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For your chance to win the **\$8,000** Jackpot, choose six letters from the grid below. Mark a cross in ink over the letters and then print them, in alphabetical order, in the boxes below.

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HOW TO PLAY TIMESPOOL

- 1) Select six letters from the alphabet grid. Mark a cross, in ink, over your letters. These are your Jackpot letters.
- 2) Print your letters in alphabetical order (very important) in the Jackpot boxes provided.
- 3) Select your lucky seventh letter. Mark a cross, in ink, over this letter in the alphabet grid. This is your Super Seven Bonus letter.
- 4) Print your seventh letter in the Super Seven Bonus box.
- 5) Print your PerthNow Bonus word in the allocated space. Visit perthnow.com.au to get the code word. You can still win without the PerthNow Bonus word. But if you do have the PerthNow Bonus word, don't forget to write it on the coupon.
- 6) Then simply enter your name, address and contact number, sign your entry form and send your entry in.

To win the Jackpot, you must have correctly chosen all six Jackpot letters. To win the Jackpot, Super Seven Bonus and the PerthNow Bonus you must have correctly chosen all six Jackpot letters and the Super Seven Bonus letter and you must include the PerthNow Bonus word on the coupon.

SENDING YOUR ENTRY

- Write the first (alphabetical order) letter only from your Jackpot letters on the back of your envelope.
- If you are including more than one coupon (only original coupons are valid) in an envelope, do not write the first letter on the back, instead simply write "MULTIPLE ENTRIES".
- Entries that do not fulfil the conditions of entry are invalid.

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