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10th February 2011

Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir / Madam

By email: community.affairs.sen@aph.gov.au

Re: RPG Australia Submission to the Senate Inquiry into the Social and Economic Impact of Rural Wind Farms

RPG Australia is a privately owned Australian integrated engineering and steel manufacturing company, which has been servicing the wind industry sector since 2002. The company employs 250 people, approximately half of which are working full time on wind energy projects. Operations are located in Kilburn Adelaide, Dalby, Wacol and Richlands in Brisbane, and a sales office is situated in Melbourne. The sites at Kilburn and Dalby have been purpose designed and fitted out to manufacture wind towers for the Wind Farm industry. Approximately half of the company's revenue and profits come from the wind division, which can grow to seventy percent when the demand for wind towers is strong.

RPG Australia has been fully committed to the Australian wind industry during its inception, and has invested in excess of \$ 15 million on plant and equipment for its manufacturing facilities during this time. With additional capital outlay going towards the acquisition of the Dalby business, RPG Australia has created a Northern and Southern region tower manufacturing footprint. These strong financial commitments have been part of a deliberate strategy to both support the renewable energy sector in Australia, and grow this important part of our business for our stakeholders and employees.

Since the commencement of the wind energy industry in Australia, RPG has been directly involved with the supply of towers to 19 wind farm projects, manufacturing approximately 600 towers and having approximately sixty percent share of this market. The total value of the wind tower manufacturing component for these projects equates to in excess of \$300 million. Apart from the significant number of direct jobs these projects have employed at RPG Adelaide and Dalby, the knock on effect to growth in full time jobs in rural areas in which the projects have been developed has been extremely significant. Each wind farm project in regional locations directly employs many rural people across the areas of transport and logistics, civil and mechanical engineering, building and construction trades, local planning authorities and architects. Many full time equivalents are employed regionally in the renewable energy sector and in local government authorities.



Our company uses local suppliers of materials and services for steel, corrosion protection, and engineering services and the like, and many people who work for companies in our supply chain live in regional communities. The total value of steel to a wind tower manufacturing project is very significant, by far making up the highest financial component of all materials. Since entering the wind tower market, RPG has purchased over 90,000 tonnes of steel from the Australian manufacturer BlueScope Steel. This, according to the Australian Steel Institute research, would have had a knock on effect of creating 4,500 Australian jobs to the broader economy.

Whilst RPG Australia has committed physical, human and financial resources towards wind tower manufacturing during the past decade, its business leaders have been confronted with frustrating boom – bust cycles, which in our opinion have been generated by poor policy decisions on both sides of politics. Being a fully committed manufacturer with such inconsistent demand, in a time when renewable energy is so vastly important to our nation's future has been frustrating.

Government policy inconsistency and resulting changes to legislation has been generated across all jurisdictions. Firstly all of the Australian State regimes have quite significant differences in their relevant wind farm policies and Acts, which have considerably impacted investment in the Wind Energy sector across our country. By far, and outside the scope of this submission, the South Australian policy setting has stimulated Wind Farm project investment the most, which is evidenced by the States much higher growth in wind energy. Through its deliberate and consistent focus on renewable energy and the simplification of laws, including mirror policies with Local Government, South Australia has sent strong signals to the renewable market that it is 'open for business.' Other States have attempted to varying degrees. The important point here though is that each State has several Acts of Parliament which each has considerable influence on Wind Farm projects development. From a State perspective, the signals to private industry on wind farm investment all vary markedly.

Secondly, the third tier of Government is similarly influenced by the State jurisdictions in differing ways. Some are included in the decision making process for wind energy project approvals, others are more detached whilst having some influence and control to varying degrees.

Thirdly and critically, the Commonwealth Government's influence has been through a broad mix of policies and Acts of Parliament which include the *Environment Protection and Biodiversity Conservation Act* (Cth) 1999 which provides overarching powers of the Minister for protection of the environment, and the *Renewable Electricity (Amendment) Act* (Cth) 2006, which has had the objective of rectifying market failure and renewable energy cost competitiveness issues. Again, Government Policy over time has failed the industry with continual legislative amendments to the MRET scheme and signals to the market which indelibly confuses the industry providing inconsistent signals regarding the Governments sincere long term strategy for renewable energy.

The most significant point however is that the Commonwealth Government has legislated for the country to achieve twenty percent renewable energy by 2020, however it fails to consider we need a consistent policy setting and strategy across all jurisdictions, State and Federal, if we are to achieve this target. Therefore our contention is that further and continued tinkering with Commonwealth policies, legislation and rules which confines the development of renewable wind farm projects will only further retard the industry, its growth, and greatly risks our 20 percent renewable energy target along with the healthy economic impact of the industry.

The only way the Commonwealth should legislate with regards to rural wind farms project development is if the States vacate the field, because additional laws to both the State and Local Government level would render the differing Australian regimes farcical, adding new complexities to project development interpretation. More palatable may be for the Commonwealth through COAG to lead the States in a process of harmonisation of the most appropriate laws which stimulate the right renewable wind energy development, through effective long term land planning and renewable energy precincts. The industry and the community needs more certainty on

renewable energy, well structured and simplified Government Policy, and long term legal stability if we are going to achieve anywhere near our 20 percent renewable energy target.

In summary, RPG Australia has been, and remains to be committed to the growth and development of the wind energy sector in Australia. We remain passionate towards the growth and development of renewable energy and Wind Farms across rural areas where there is a good fit, economically and socially. However as a very active Australian participant in this critical industry, we highlight our strong concerns over the risk that further added laws and bureaucratisation at a Federal level will invariably lead to the demise of this critical industry and its broad economic impacts.

Yours/sincerely

MIKE LEWIS
~~Managing Director~~
RPG Australia