

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 15

Topic: Clean Energy Finance Corporation (CEFC) & the Australian Renewable Energy Agency (ARENA)

Hansard Page: pg 65-66, Thursday 18 October 2012

Senator LUDLAM asked:

Senator LUDLAM:... I understand the CEFC has met with the Climate Change Authority as part of the review of the renewable energy target and ARENA on how the bodies can work in tandem, which is good. What can you tell us about how the CEFC and ARENA will work together?

Ms McCulloch: The CEFC Board has had a lot of meetings with a lot of bodies, and I am not fully aware of all of those meetings. They are an independent board but they have met with people like the Climate Change Authority and the ARENA board—a whole range of organisations. In terms of the working arrangements between the CEFC and ARENA, they have had discussions but there are no firm decisions.

Senator LUDLAM: I just think that is going to be tremendously important. What about engagement with industry thus far?

Ms McCulloch: Again, my understanding is that they have had quite extensive engagement to the extent that they can, given that there are only five members of the board at the moment and they have only been in existence since August. They have had quite a number of meetings with industry participants.

Senator LUDLAM: Again on notice—and I appreciate what you are providing for us now—if you could give us any further written details on any indications of how the CEFC and ARENA will or will not work together. It is going to be a tremendously important relationship, obviously, if the Commonwealth's investment in this industry is going to—

Ms McCulloch: We can take that on notice.

Senator LUDLAM: And also anything you are able to tell us about engagement with industry. Will the corporation issue a prospectus at some point? If I am hanging around and this is what I have been waiting for forever in a mini industry, at what point can I knock on your door and get a meeting with somebody about an investment?

Ms McCulloch: There are opportunities to meet with the board now.

Senator LUDLAM: Industry by industry?

Ms McCulloch: A number of industries are coming forward but, in terms of engaging in more serious conversations about applications and those sorts of things, our expectations are that, in the first half of next year once they have some staff and a physical presence, they will be in a better position to engage in a more serious way. But those consultations are starting to occur now.

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Answer:

How will the Clean Energy Finance Corporation (CEFC) work with ARENA and industry?
Will it publish a prospectus?

The Clean Energy Finance Corporation Expert Review, conducted by Ms Jillian Broadbent AO (chair), Mr David Paradise and Mr Ian Moore, reported to the Government in March 2012. In its report, the review made the following comments in relation to ARENA:

A critical partnership for the support of renewable energy is between the CEFC and ARENA. As the CEFC seeks to promote technology along the innovation chain, the projects funded by ARENA provide a potential pipeline of projects for the CEFC. Consequently, the CEFC and ARENA need to maintain an active ongoing dialogue.

The Government accepted all of the Expert Review's recommendations. Paragraph 9(1)(b) of the *Clean Energy Finance Corporation Act 2012* (the Act) provides that one of the functions of the CEFC is to liaise with ARENA in order to support the CEFC's investment activities.

Since the appointment of the CEFC Board in August 2012, members of the CEFC Board have met with representatives from ARENA on a number of occasions, including a meeting between the respective Boards of the CEFC and ARENA on 28 September 2012.

Members of the CEFC Board have also met with industry representatives on a number of occasions, including industry associations, individual companies and financial intermediaries.

The exact level of ongoing engagement with ARENA and industry is a matter for the CEFC. The Act provides, however, that the CEFC must publish its guidelines for considering investments. This is expected to occur in early 2013. This information will inform the CEFC's ongoing engagement with industry.