



ADVISORY REPORT TABLED ON CLEAN ENERGY BILLS 2012

The House Economics Committee has recommended that Parliament pass the bills that establish a Clean Energy Finance Corporation, bring gaseous fuels under the carbon pricing mechanism, and make other changes to improve the mechanism's operation.

The Clean Energy Finance Corporation (CEFC) will increase private sector investment in clean energy. A Government-appointed Expert Review Panel, chaired by Jillian Broadbent AO, reported in March this year. The Clean Energy Finance Corporation Bill 2012 implements the Panel's recommendations.

The Corporation will overcome capital market barriers that hinder the financing of renewable energy, energy efficiency and low emissions technologies. These barriers include the approximately 5 year maturity period in Australian debt markets, compared with the longer lifespan of these projects, which can be up to 25 years. The emerging nature of the market in Australia also adds to risk and means that returns over a long run project are highly discounted.

The Corporation will apply a commercial filter to its decisions and is projected to make a return similar to the Government bond rate. It is expected to initially co-finance projects with the private sector. In making its investment decisions, it will also take into account industry-wide innovation and efficiency benefits that individual firms in the private sector would not necessarily consider.

Committee Chair Julie Owens said that in establishing the CEFC, the Government is making a significant investment in Australia's clean energy future. 'The CEFC is a way of bringing the finance and clean energy sectors closer together,' Ms Owens said.

'Taxpayers' funds will be properly managed. The Corporation will use a commercial filter in its decisions and it is projected to make a return equivalent to the Government bond rate.'

'The Corporation will not replace the private sector or deter the private sector from making commercially sound investments. What it will do, through co-financing initially, is increase private sector involvement in a high-technology sector with a growth outlook.'

The Clean Energy Legislation Amendment Bill 2012 amendment will bring non-transport gaseous fuels into the emissions pricing mechanism. Industry has requested this amendment. It will make it easier for industry to manage its cash flow, firms will have more flexibility in managing their carbon liabilities, and businesses will have lower compliance costs.

The report includes a dissenting report by the Coalition members of the Committee.

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