

Dissenting Report from the Australian Greens

1.1 The Australian Greens agree with the near consensus position from public submissions made to this inquiry and oppose the Australian Renewable Energy Agency (Repeal) Bill 2014.

1.2 The abolition of the Australian Renewable Energy Agency (ARENA), like many of the government's budget measures was a broken election promise with very little public and parliamentary support. Of the 131 public submissions received, only two were supportive of the government's position: the Australian Chamber of Commerce and Industry and Gas Energy Australia. It was these two submissions alone that the government members have relied on to argue in support of the Bill.

1.3 The decision of the committee to not hold public hearings was evidently guided by the fact that the overwhelming support of industry, market participants and the research community would have further demonstrated the extent to how ill-conceived this broken election promise actually was. Public hearings would have also displayed how ideologically isolated the government is. Even the government's associates in the Business Council of Australia as well as their fellow conservatives in the New South Wales Government support the retention of ARENA.

1.4 ARENA was established as part of the Clean Energy Future package and was created at the insistence of the Greens in the Multi Party Climate Change Committee. We recognised the ongoing failure of flagship programs that were being managed within the Department and the need to have a specialised, independent body to progress projects from the research stage up to the commercialisation stage. The Greens are very proud of this institution that will serve Australia strongly into the future.

1.5 ARENA is responsible for ensuring that Australia remains at the global forefront of clean technology development and deployment. Its abolition provides no public policy benefit and would leave Australia incapable of taking advantage of future economic opportunities.

1.6 In a period of deep transition in global energy markets and Australia's vulnerable over-reliance on fossil fuel resource exports, ARENA acts both as our country's insurance and as a driver of abundant export potential as our trading partners increasingly adopt affordable energy technologies that do not generate greenhouse gas emissions.

1.7 ARENA is part of the chain of innovation, along with the CSIRO and the Clean Energy Finance Corporation that will produce and demonstrate those very low cost energy technologies that Australia can export to the world. Exporting affordable emissions-free technology will hasten the already declining prospects of thermal coal and LNG exports—that is the precise reason why the government is seeking to abolish or diminish these institutions.

1.8 In its very short time, ARENA has achieved far more success than was ever possible when the nine previous programs were run within departments where competing demands for time and resources meant that projects progressed very slowly—if at all. Returning ARENA's projects within the Department of Industry will reincarnate the exact problems that ARENA was designed to avoid.

1.9 ARENA has professionally and in a timely, cost-effective manner achieved a suite of Australian and world first projects leveraging private sector investment. Rio Tinto in partnership with ARENA has contracted for Australia's first mine powered by solar in Weipa. If fossil fuel subsidies under the Fuel Tax Credit were removed for mining companies we would see Rio Tinto's decision replicated right across the country without ARENA's assistance.

1.10 Similarly, BlueScope steel are integrating the world's first solar PV and thermal rooftop system. Carnegie have embarked on the world's first commercial-scale wave energy project that desalinates water as it creates electrons. They are now collaborating with European developers and manufacturers to progress the technology for deployment in overseas markets.¹

1.11 Not only is ARENA helping to push these types of technologies to commercial stage, but they are also making leaps and bounds in research and development.

1.12 In collaboration with the CSIRO, Australia has set the world record for the highest temperature steam ever produced using solar thermal heat. This supercritical steam pilot project could soon lead to the replacement of coal generators with solar thermal radiators to drive steam turbines. It was described by the CSIRO's Energy Director Dr Alex Wonhas as a game-changer for the industry and said 'it's like breaking the sound barrier.'²

1.13 There are more than 190 projects like those above that would generate \$5.3 billion of private sector investment for a total \$7.7 billion that would be lost to Australia if this Bill proceeded through the Parliament. There are a further 177 projects already contracted, but many are still at risk if this Bill proceeds because of the requirement for milestones to be achieved to qualify for payment. Without the support that ARENA can provide for proponents, many more projects would fall over

1 *Carnegie to collaborate with UK wave energy developers*, 28 August 2014, http://ecogeneration.com.au/news/carnegie_to_collaborate_with_bosch_rexroth_and_wave_energy_developers/088738/?utm_source=Newsletter-Update&utm_medium=email&utm_campaign=EcoGeneration-28_august_20142&utm_content=news:carnegie_to_collaborate_with_bosch_rexroth_and_wave_energy_developers

2 *CSIRO Newcastle solar breakthrough for supercritical steam*, accessed 3 September 2014, <http://www.abc.net.au/news/2014-06-03/csiro-newcastle-solar-breakthrough-for-supercritical-steam/5495744>

if a despondent department that has a directive to find budget savings is responsible for overseeing the advancement of projects.

1.14 The ability for ARENA to deliver these transformative changes has already been dealt a severe blow because of the decisions of the Palmer United Party, Senator Muir, Senator Day, Senator Leyonhjelm, Senator Madigan and government senators to reduce ARENA's funding over the next three years from just over \$1 billion down to \$341 million. This reduction of \$717 million means that over the next three years, ARENA will be incapable of working through their pipeline of projects until 2017. Our global competitors will have shot past us while Australia will be flailing in an innovation backlog. The government and listed crossbench senators have done our economy a great disservice and the original funding schedule should be immediately restored.

1.15 Australia is a country adorned with a great wealth of natural renewable resources—a sunburnt, windswept continent, surrounded by oceans and stores of geothermal heat. We are a clever country that has up until now invested heavily in our ground-breaking researchers and academics. We have a huge capacity to be applying our threatened manufacturing skills on high-end, smart manufacturing products that our global competitors are less equipped to do. All these assets and opportunities will be lost if the government's legislative program of destruction continues.

1.16 ARENA is essential to ensuring that all these physical and human resources are harnessed in the pursuit of limiting global warming to less than two degrees while ensuring Australia's economic prosperity continues well into the 21st century.

Recommendation 1

1.17 That the Australian Renewable Energy Agency (Repeal) Bill 2014 be opposed.

Recommendation 2

1.18 That the original funding schedule that existed prior to the passage of the Clean Energy Legislation (Carbon Tax Repeal) Bill 2014 be reinstated.

**Senator Christine Milne
Senator for Tasmania**

