



7 July 2014

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Chairman,

Senate Economics Legislation Committee Inquiry into the Australian Renewable Energy Agency (Repeal) Bill 2014

Australia truly is the lucky country. We have an abundance of carbon intensive fuel reserves that the Government hopes will contribute significantly to future export earnings and to domestic electricity generation.

Our continent also has an abundance of non-carbon energy resources into which industry, academia and governments have and are actively pursuing research, development and deployment of renewable energy generation technologies, systems and expertise. This wealth of resources is starting to make a noticeable contribution to Australia's mix of electricity generation sources and is at the forefront of new export opportunities.

It is vital for Australia's economic future that Australian industry continues to innovate, develop and expand on the learning that comes from being at the leading edge of the renewable energy industry.

How much in export earnings will Australian intellectual property create from this week's call, for \$30 billion of investment, to expand the renewable energy sector and cut reliance on fossil fuels by the Caribbean Investment Bank?

The Asian Development Bank is committed to \$2 billion in annual lending for clean energy programs to help developing Asian countries meet their energy security needs, facilitate a transition to a low-carbon economy, aiding countries with the adoption and deployment of renewable energy sources and bring about universal access to energy.

The pursuit of clean energy targets by USA, China and Europe recognises that renewable energy projects may account for as much as two-thirds of the \$7.7 trillion in global investment forecast for new power generation plant by 2030, of which according to BNEF, 50% of the renewable energy opportunity is in the Asia Pacific region.

To realise our competitive advantage in this global market, Australian industry desperately needs transparent, cohesive and workable government policies established with bi-partisan support, designed to provide consistency over the medium to long term.

The Australian Renewable Energy Agency Act is the embodiment of such a policy.

When established, ARENA brought together many of the earlier renewable energy programs from a variety of federal government departments into one coordinated agency, tasked with advancing Australia's competitive position in the sector.

ARENA has shown it will make commercially rigorous investments to ensure the selection of projects which deliver the affordable renewable energy technologies that can help make Australia's future energy supply mix diverse, flexible, reliable and secure. Funding agreements signed with proponents under previous programs, and by previous governments, have been renegotiated or scrapped if unviable.

The design of ARENA as an independent government agency alleviates the risk of possible intervention in the decision making and the proponent funding process. Additionally, the independence of ARENA decision making through its Board structure encourages confidence in the administration of the programs and has ensured that the only avenue for political intervention in the determination of priorities or the awarding of funds is to demolish the Agency.

The newly formed Entrepreneurs' Infrastructure Program (EIP) is unsuited to the task of administering the remnants of ARENA. In recent workshops held during June 2014 it was stated that the EIP has no provision for managing ARENA outcomes. The Department staff was unable to expand on most of the Entrepreneurs' Infrastructure Program initiatives as it "wasn't thought through yet" despite the program commencing on 1 July 2014 and considering this is now the last remaining federal program to foster, encourage and support RD&D, innovation, commercialisation and industry sector development to ensure Australia is internationally competitive.

It is disturbing to note that the Australian Renewable Energy Agency, enacted with bi-partisan support, is not capable of surviving beyond the first change of Government, to the Agency's second anniversary.

It is particularly disturbing as tens of thousands of Australians work diligently in the research, development, and deployment of these technologies, services and academic outcomes and have established their careers on a lie. Or at best, an obfuscation.

ARENA is part of a suite of programs that are actively supporting Australian industry transition into a rapidly growing global market. Do the proponents of change comprehend the scale of the opportunity, or the magnitude of the problem these programs were designed to address?

Lord Nicholas Stern argues that climate change is absolutely central to economic policy-making around the world and we must therefore ask carefully how we can put economics and ethics to work to tackle the questions posed by the science and by our past, current and future patterns of economic growth and emissions.

It is the role of both Government and industry to work in tandem and identify, facilitate and encourage the development of a clean energy economy and leverage opportunities in the ancillary industries that are required to engineer, install, operate and maintain a diverse range of energy facilities in Australia and, more importantly, around the planet. It is in these areas that significant skills development, employment initiatives and business investment are being directed internationally to meet the future needs of the community.



This inquiry is symptomatic of a wider issue for industry in Australia. The debate in Australia has stalled for many years on cause and effects, whereas economies that are now powering out of the economic malaise of the GFC frame the debate on solutions.

Proponents look to Government for unequivocal signals that promote investment and growth in industry through a range of incentives, funding and facilitation roles, and definitely via sustainable and workable long-term policy frameworks.

The proposed **Australian Renewable Energy Agency (Repeal) Bill** discourages Australians innovating and collaborating and contributing to the global body of knowledge, rather it encourages innovators to relocate offshore into a global marketplace with a voracious appetite for investment in and commercialisation of energy solutions.

Again I reference Lord Stern from a presentation he made in September 2013 ahead of the release of the IPCC Fifth Assessment Report, as this encapsulates the issue in just a few short paragraphs:

(Climate) deniers are increasingly intellectually marginal and irrational. To present a convincing case for inaction or delay you have to show you are very confident that the risks are small, or the risks of delay are small, or that a magic antidote will be discovered. Or care little about the future.

Delay in reducing emissions would be dangerous because it would lock societies into building infrastructure which depended on fossil fuels – power stations and transport systems, for instance – and that would mean emissions continuing unabated for decades ahead.

In the interest of disclosure Tenax Energy has two funding proposals submitted for assessment through the ARENA Emerging Renewables Program, one to assist a remote indigenous community on the Kimberley coast determine if tidal energy can reduce their reliance on costly diesel electricity generation; and the second to establish a global centre of excellence for research and technology development in the tidal energy sector with a focus on the tropical environment.

Should you have any questions or comments, please contact Alan Major, Managing Director of Tenax Energy

Yours sincerely

Alan Major
Managing Director