

Chapter 1

Introduction and background

1.1 On 19 June 2014, the Senate referred the provisions of the Australian Renewable Energy Agency (Repeal) Bill 2014 (the Bill) to the Senate Economics Legislation Committee for inquiry and report by 4 September 2014.

1.2 The Bill would repeal the *Australian Renewable Energy Agency Act 2011* (ARENA Act), thereby closing the Australian Renewable Energy Agency (ARENA). Upon the closure of ARENA, the Commonwealth Minister and Department of Industry would assume responsibility for ARENA commitments, assets and liabilities. Any undecided applications for financial assistance from ARENA would lapse.

Background: About ARENA

1.3 Established on 1 July 2012, ARENA is an independent statutory authority with funding of approximately \$2.5 billion to 2022 to promote the research, development, demonstration, commercialisation and deployment of renewable energy and enabling technologies.¹

1.4 Various Commonwealth funded renewable energy bodies and programs have been consolidated within ARENA. In addition to incorporating measures previously managed by the Australian Solar Institute and the Australian Centre for Renewable Energy, nine federal government programs were consolidated within ARENA when it commenced operations.²

1.5 In its submission, ARENA explained that its objectives, as set out in the ARENA Act, are to:

- (a) improve the cost competitiveness of renewable energy; and
- (b) increase the supply of renewable energy in Australia.³

1.6 The ARENA Act also establishes ARENA's governance arrangements, which include an independent board of, as ARENA puts it, 'experienced and highly credentialed experts, with deep technical, commercial skills and a wealth of knowledge of the energy and resource sector.' The Secretary of the Department of Industry is a member of the board. ARENA's board is supported by a staff of

1 Australian Renewable Energy Agency, 'History', <http://arena.gov.au/about-arena/history/>, accessed 26 August 2014.

2 Australian Renewable Energy Agency, 'History', <http://arena.gov.au/about-arena/history/>, accessed 26 August 2014.

3 Australian Renewable Energy Agency, *Submission 90*, p. 1.

approximately 70 to 80 people, who have a range of private and public sector skills and experience.⁴

1.7 ARENA's funding schedule is contained in section 64(1) of the ARENA Act. This funding schedule was revised by the *Clean Energy Legislation (Carbon Tax Repeal) Act 2014*, which received assent on 17 July 2014. The amendments to the funding schedule included:

- a 2013 Budget measure to re-profile \$370 million in funding for ARENA over the forward estimates (2014–15 to 2016–17) into later years (2019–20 to 2021–22); and
- a reduction in funding for ARENA by \$434.9 million over the forward estimates (2014–15 to 2016–17).⁵

1.8 As the Minister noted in his second reading speech, over \$1 billion of funds have already been provided or committed by ARENA to nearly 200 projects across a suite of renewable energy types. This funding has in turn been matched by industry investment of \$1.8 billion, taking the total investment in Australian renewables as a result of ARENA's work to \$2.8 billion.

Financial impact

1.9 According to the Explanatory Memorandum, ARENA currently has \$2.357 billion of available funds, of which over \$1 billion is committed. As such, the closure of ARENA would result in a potential saving to the government of almost \$1.3 billion in uncommitted funding.⁶

Conduct of the inquiry

1.10 The committee advertised the inquiry on its website, and wrote directly to a range of individuals and organisations inviting written submissions by 16 July 2014. The committee received 132 written submissions, which are listed at the Appendix. The committee thanks all groups and individuals who took the time to make a written submission.

1.11 The committee did not hold any public hearings as part of its inquiry.

4 Australian Renewable Energy Agency, *Submission 90*, p. 4.

5 Explanatory Memorandum, *Clean Energy Legislation (Carbon Tax Repeal) Bill 2014 and related bills*, pp. 78–79.

6 Explanatory Memorandum, *Australian Renewable Energy Agency (Repeal) Bill 2014*, p. 1.