

8 April 2009

The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: climate.sen@aph.gov.au

Dear Sir or Madam

Submission to Senate Select Committee on Climate Policy

Vestas - Australian Wind Technology Pty Ltd (**Vestas**) has supplied more than half of all the wind turbines installed in Australia. While our parent company in Denmark is the world's largest manufacturer of wind turbines, Australia is the home of our Pacific regional headquarters and employs more than 200 people.

Vestas welcomes the opportunity to make a submission to the Senate Select Committee (the **Committee**) to inform its deliberations on its topic of Climate Policy.

Background

It is now almost two decades since the initial concerns of a few scientists about the phenomenon of human-induced climate change started to gain a critical mass and prompt governments around the world to devote significant funding to determine the extent of the issue.

In the years that followed, those initial concerns have been backed by reams of evidence that human-induced climate change is real and that our time to respond before the planet's food and water supplies, atmosphere and other features we often take for granted will be damaged irreversibly.

But it is not just scientists who have picked up the trend. Governments around the world have worked hard to find the right policy mix to respond to this challenge, and continue to do so.

In Australia the Government has proposed legislation to introduce a form of greenhouse emissions trading known as the Carbon Pollution Reduction Scheme (**CPRS**), which is primarily focused on reducing emissions from the energy sector over the next decade. Increasing renewable energy supplies and decreasing reliance on thermal power will be likely outcomes of the CPRS.

Business response

Importantly, it is not just governments that have responded to climate change. Many businesses around the world have also taken early action to respond to the challenge of climate change, as it has started to become clear just how many threats and opportunities are involved.

So it has been particularly disappointing to see the recent lobbying efforts of a limited number of industry associations in Australia reported as if they represent the sum total of the “voice” of Australian companies on the issue of climate change.

As a member of the Clean Energy Council, Vestas is one of more than 400 businesses of all shapes and sizes, from start-ups to ASX 200 companies. But the one thing all these companies have in common despite their many other diverse interests is they are all ready to invest in clean technology projects in Australia.

All of these companies want to unlock the huge renewable energy resources in Australia and help play our part in the global effort to respond to climate change.

All of these companies are keen to see the Australian Government place a price on greenhouse pollution, so that investors and shareholders are given a strong signal to help transform Australia from a high-carbon economy to a low-carbon economy. And the sooner this happens, the quicker we will be able to invest.

It is inexplicable to see a push by other industry associations to delay the introduction of the Carbon Pollution Reduction Scheme and the 20% Renewable Energy Target. Government officials who for years were lobbied by businesses wanting “certainty” on climate change policy are now being lobbied by those same businesses for delays and/or special deals.

The pace of reform

The idea that Australia is moving too fast on climate change policy measures simply does not stand up to scrutiny. Countries like the USA, China and India are currently enjoying a massive inflow of capital investment and job creation in the renewable energy sector and will continue to do so for many years to come.

If Australia is to attract such investment and employment growth then the time to legislate for clean energy policies is now.

It is not in Australia’s national interest to wait any longer to introduce the Carbon Pollution Reduction Scheme and associated policy measures like the 20% Renewable Energy Target (**20% RET**).

It is well established that a delay in addressing climate change will result in higher costs and other economic impacts later on.

And it is important that Australians know about the large number of companies ready to play their role and invest in projects that will cut our nation's level of greenhouse pollution and create new job opportunities while doing so.

Global developments

Australia must compete in a global market for investment funds against countries such as the USA, China, Spain, and Germany that are sending out loud and clear investment signals in order to secure capital for clean technology projects. Australia has to do the same.

The global financial crisis does create challenges for new infrastructure projects. However, with the right policies in place, clean technology projects like renewable energy are an attractive proposition for investors, in part because renewable energy investments are not affected by fuel price volatility or the uncertainties associated with the future price of carbon. Wind energy investments entail no carbon pollution and have no ongoing fuel costs – good investments in a carbon-constrained world.

Vestas is a long-term global investor in this industry and we can see a solid pipeline of clean energy projects that will result in significant reductions in carbon pollution as well as more jobs in regional Australia.

The projects we want to build in Australia will deliver more than 5,000 gigawatt hours of clean energy every year; over 10% of the additional renewable energy needed to deliver the Government's election promise. Importantly, these projects will lead to a total investment of \$6 billion, over half of which will be invested in local Australian businesses, and building these projects will create employment for more than 2,000 people in regional Australia.

We are excited about the potential for renewable energy in Australia, and we are ready to build the projects needed to reach Australia's policy targets in this area. To make this a reality, we need the Parliament to take decisive action and send a clear message to investors that Australia is serious about growing its renewable energy capacity to a level that will deliver jobs and sustainable growth over the long term - not another boom and bust cycle.

Future energy investment

For Australia to cut its greenhouse emissions from the energy sector and move from its existing level of renewable energy (currently less than 10%) up to the Government's target of 20% will require a concerted effort to attract the necessary investment in new renewable energy capacity – starting now.

The current global financial crisis is one obstacle to this investment attraction effort.

But the delay in passing the CPRS and the 20% RET legislation is another obstacle for investment and jobs.



Vestas Australian Wind Technology Pty Ltd

The longer that Australia waits before it provides a legislative signal via the CPRS and the 20% RET scheme, the more difficult it will be for Australia to successfully compete with countries all across the globe to attract investment in energy projects.

Those countries that have been the most successful in attracting these investments have been successful primarily because of positive policies and other regulatory changes to encourage them.

Further questions

Vestas staff would be pleased to meet with Committee members or staff, or indeed appear before the Committee hearing, to discuss our submission and answer any other questions. Contact details are on the covering email that attaches this submission.

Yours sincerely,

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VESTAS - AUSTRALIAN WIND TECHNOLOGY PTY LTD