



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Australian Renewable Energy
Agency (Repeal) Bill 2014**

Second Reading

SPEECH

Monday, 1 September 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker McCormack, Michael, MP

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Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (19:00): It is a pleasure to sum up the second reading debate on the Australian Renewable Energy Agency (Repeal) Bill which repeals the Australian Renewable Energy Agency Act 2011.

Now I note that some of those opposite have used this debate as a grandstanding opportunity to talk about Renewable Energy Target Scheme and other policies but, if we focus on the bill at hand, we will see that the government has—as mentioned many times in the House during the debate—committed \$1 billion, to more than 200 projects. It will be honouring these commitments and is keen to see them succeed.

This bill gives effect to the government's decision to close the Australian Renewable Energy Agency, ARENA, and deliver budget savings of almost \$1.3 billion. This bill represents part of the government's commitment to make the structural changes necessary to achieve savings and return the budget to surplus. The bill also transfers management and decision-making on ARENA's functions to the Minister for Industry and to his department. This is how it should be.

The ARENA board, statutory chief executive officer and chief finance officer positions will go, with the Minister for Industry to be responsible for ARENA investment decisions. This legislation, once passed, will enable the minister to have far greater oversight of future expenditure and that currently in ARENA's pipeline. The repeal of the ARENA Act will also enable efficiencies and synergies by transferring management of ARENA's existing commitments and other functions into the Industry Department.

There were and are some good people involved in ARENA. There is no question about that at all; they are good people with good intentions and they have worked hard. But how long is the government, which is facing a budget emergency, expected to prop up an agency which was established merely to meet the political whims of the Greens at a time when Julia Gillard was prepared to do and say anything to save her political skin?

The coalition has been quite up-front about the state of the nation's finances. Labor was handed the very best set of economic figures when it won office in November 2007, for the first time since March 1996. Unbelievably and inexplicably, less than six years later, Labor left the incoming Abbott-Truss government with the worst books in Australia's history. Granted, Labor had to contend with the global financial crisis of 2007-08. I admit that. But nothing can excuse the member for Lilley for the six deficit budgets which plunged this nation into the depths we now find ourselves. And he knows it.

The return of ARENA's uncommitted funding will deliver a saving of almost \$1.3 billion to the budget. In the context of the debt and deficit legacy left by Labor, that is necessary. Every saving helps to reduce the awful mess with which this nation was saddled from the six years Labor was in office.

Like so many other Labor-Greens schemes, ARENA had its shortcomings. Consider the following as just one example of how the Labor-Greens alliance chucked hard-earned taxpayers' dollars at ARENA for no environmental benefit. Ocean Power Technologies Australasia sought to develop a wave power station off the coast of Victoria near the city of Portland. The plant, to be built in three phases with a total capacity of 19 megawatts, was awarded a \$66.46 million grant under the Renewable Energy Demonstration Program, a \$435 million competitive grants program designed to accelerate the commercialisation and deployment of new renewable energy technologies for power generation in Australia.

Funding also went to the Oceanlinx 1MW Commercial Wave Energy Demonstrator, based in South Australia. The Oceanlinx commercial wave energy demonstrator was a 3,000 tonne structure measuring about 21 metres wide by 24 metres long. The device was designed to sit in shallow water, using oscillating water column technology to generate 1MW peak output. The Oceanlinx patented OWC and air turbine technologies were combined in Oceanlinx's greenWAVE device, designed to be a highly efficient energy converter with no moving

parts under water. As waves rise within the OWC, it was designed to drive a column of air ahead and through a turbine to generate electricity.

In February 2014, construction of the device was complete and it was intended to transport the device from Port Adelaide to Port McDonnell for grid connection and 12 months operation and testing. Transportation took place on 1 March and was expected to take about four days. On 2 March 2014, complications were experienced during transportation of the device, just 24 hours into the operation. The device was set down in shallow waters off the Fleurieu Peninsula in South Australia. As a result of the transportation complications, the device was damaged beyond repair. This monstrosity remains visible offshore at Carrickalinga.

In July 2012 Oceanlinx had received nearly \$4 million in funding—taxpayers' dollars—from the Emerging Renewables Program, administered by ARENA, to support the development of renewable energy technologies.

Labor leader Bill Shorten said this was the very kind of project ARENA had to fund with taxpayers' dollars. At the same time, he condemned the coalition for wanting to get rid of ARENA. Yet three days later—going back to this Victorian project I talked about earlier—the bombshell dropped. Plans to build the world's largest wave power project in Portland were scrapped. The \$230 million bid to harness the ocean's currents was shelved by Ocean Power Technologies and its subsidiary Victorian Wave Partners. Victorian Wave Partners and OPT Australasia director Gilbert George told Warrnambool's *The Standard* that the project was simply too large and the parent company, OPT Incorporated, based in the United States, had decided to withdraw following a review.

Here's another ARENA flop. A renewable energy company was handed nearly \$5 million in federal grants, taxpayers' dollars, and was then put into administration. The member for Maribyrnong continues to insist we need more of this sort of taxpayer-subsidised things to pretend we are cooling the planet. Taxpayers are not that easily hoodwinked. If Labor had thrown all the money it wasted in six years of office in the ocean, now that would have made waves.

But after talking about some of the wasteful projects funded under ARENA, I would remind the House that there are around 200 good projects, worth \$1 billion, that this government supports and will honour. We will seek to get outcomes from these investments to advance the renewable energy industry towards commerciality. The government remains committed to the development of renewable energy technologies in Australia. I'll say it again: more than \$1 billion in funding is available to support around 200 ARENA commitments to existing renewable projects, with a total project value of \$2.8 billion. These projects span the technology development chain from PhD research to near commercial deployment and include a broad range of technologies, such as solar, marine, biofuels, integration and storage technologies. These projects represent a significant investment by the coalition, by the government, by the nation, in renewable energy. The government is keen to see these existing ARENA projects delivered in the coming years and the knowledge we gain from them shared broadly to allow further development of the renewables sector.

It is also worth remembering that there is and will continue to be good work occurring across Australia to improve environmental outcomes in a way that makes good business sense, including in my electorate of Riverina. The 13 local councils I represent all promote biodiversity measures to lessen the effects of salinity and sustainability in their day-to-day operations.

The meatworks at South Gundagai, Wagga Wagga and Yanco, all mightily relieved the carbon tax has gone, thanks to this government, do all they can to lessen their carbon footprint while at the same time producing quality protein for hungry and growing markets.

JBS Riverina at Yanco is Australia's largest integrated feedlot and processing facility. The facility has a feedlot capacity of 52,000 head with a two-shift operation five days per week processing 600 head of the highest-quality grain-fed beef cattle. It employs 430 full-time employees, underpinning the workforce of the neighbouring Leeton and Narrandera shires. Major international markets for the product are the European Union, Japan and the United States of America. The JBS Riverina premium product is served at top-end restaurants right across our nation.

The carbon tax had a significant job-destroying impact on the competitiveness of the export orientated meat industry. Higher electricity and gas charges have been incurred. JBS cost structures to process a beef animal in Australia is twice that of the US—and that goes right throughout our abattoir industry—their biggest competitor in international markets. The repeal of the carbon tax has been a major step forward in unwinding these costs.

There is in place a program to efficiently produce compost from our manure at JBS Riverina. This compost is used in garden remediation in Sydney and across New South Wales. JBS Riverina has a major water re-use strategy through irrigation of its farming land. It is all important, because it is all about sustainability, renewable energy and getting the job done without big government grants. This is commercial reason, commercial reality. The business is about being sustainable whether in farming practices, water and energy use and animal health and welfare.

I would like now to respond to some of the hysterical—and they were hysterical—assertions made in the member for Charlton's contribution last Thursday. Let's not forget the member previously worked for Greg Combet, the former climate change minister, for six years, helping devise the job-destroying carbon tax package which many blame for eroding trust in Labor—and that is so true. The member has strong union backing—that is typical—and outlined his intentions the day after last year's election in a *Newcastle Herald* article headed: 'Conroy to stick to local issues.' Maybe he should do just that instead of repeating wild claims such as quoting the Garnaut report forecasting that if climate change is not combated we will see a 98 per cent reduction in farming in the Murray-Darling area. That is totally ridiculous. The greatest danger to irrigation farmers in the Murray-Darling Basin faced in recent years was the man-made drought forced on them by the Labor-Green alliance.

As with so much of what we heard from those opposite during this second reading debate, what we heard from the member for Charlton was hysteria rather than hard facts. The facts are these: \$1 billion is a lot of money for any industry and the hard fact is that we have a budget mess we have to clean up. We were elected to do so. We are getting on with the job of doing it and we will do it. So we are focusing on getting the most out of that \$1 billion and returning uncommitted funds to the budget to help us repair the mess. It is all about accountability—that is what we stand for; that is what we represent.

This bill implements our decision to abolish ARENA. In doing so, it will enable us to realise the administrative efficiencies of bringing ARENA activities into the Minister for Industry's department, bank the savings from uncommitted funds and get on with the all-important job of getting the most out of what has already been invested. I commend the bill to the House.

The DEPUTY SPEAKER: The question is that the amendment be agreed to. There being more than one voice calling for a division, in accordance with standing order 133 the division is deferred until 8 pm.

Debate adjourned.