

MEDIA BRIEF

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Federal funding cuts threaten regional renewable energy jobs

A great opportunity: Clean energy driving jobs and growth

In 2013 Australia was in the top four destinations for renewable energy investment worldwide. But in 2014 investment in renewable energy crashed by 88 per cent.¹

A recent tender round for large scale solar PV projects by ARENA, 77 expressions of interest were received of which 20 were shortlisted.

If these received funding, they could create 5,126 jobs in these areas and an additional 58,883 indirect jobs². This could have a significant and positive impact on regional communities.

In addition to this a recent complementary 2015 Clean Energy Finance Corporation (CEFC) tender process for large scale solar investment received over 2000 MW of proposals³, which could create 12,681 jobs directly and 54,951 jobs indirectly if funded.

While some of these may overlap with ARENA proposals, even if all projects overlapped there would still be 1191.6 MW in addition to projects represented in Table 1 below.

Jobs and growth potential of solar

- Every MW of large scale solar PV capacity attracts more than \$2 million of investment⁴.
- Each \$1 million in turn is estimated to create three construction and related service sector jobs.⁵
- For each one of these direct jobs in the solar industry, it anticipated another 13 indirect jobs are created.⁶

¹ <https://www.laborherald.com.au/environment/challenge-to-government-deliver-real-progress-on-climate-change-policy/>

² See 'Jobs and growth potential of solar' in this brief (which explains calculation).

³ CEFC, November 2015, NB It is not known the extent to which these overlap with the ARENA proposals but even if all projects have been submitted to both bodies this still equates to 377 MW in addition to table 1.

⁴ ARENA, Large-scale solar photovoltaics – competitive round, accessed July 2016, average value based on total project value of \$1.6 billion with 757 MW capacity - \$2,113,606 per MW

⁵ Tim Buckley, IEEFA, July 2016, assumes \$100,000 wage rate and 30% labor + services

⁶ Tim Buckley, IEEFA, July 2016 – referencing Adani Mining's Carmichael Coal cost-benefit analysis.

Project	Town	MW	Investment	Jobs	Indirect Jobs
Parkes Solar Farm	Parkes	46	\$97,225,892	292	3,792
Manildra Solar Farm	Manildra	42.4	\$89,616,909	269	3,495
Capital Solar Farm	Bungendore	39	\$82,430,647	247	3,215
Riverina Solar Farm	Griffith	33.9	\$71,651,255	215	2,794
Griffith Solar Farm	Griffith	26.4	\$55,799,207	167	2,176
Dubbo Solar Hub	Dubbo	22.4	\$47,344,782	142	1,846
White Rock Solar Farm	Glen Innes	20	\$42,272,127	127	1,649
Gidginbung Solar Farm	Temora	12.2	\$25,785,997	77	1,006
	NSW Total	242.3	\$512,126,816	1,536	19,973
Darling Downs Solar Farm	Dalby	106.8	\$225,733,157	677	8,804
Baralaba Solar Farm	Baralaba	50	\$105,680,317	317	4,122
Kidston Solar Project	Kidston	50	\$105,680,317	317	4,122
Kelsey Creek Solar Farm	Proserpine	50	\$105,680,317	317	4,122
Collinsville Solar Power Station	Collinsville	42	\$88,771,466	266	3,462
Oakey Solar Farm	Oakey	25	\$52,840,159	159	2,061
Kennedy Energy Park	Hughenden	19.2	\$40,581,242	122	1,583
Longreach Solar Farm	Longreach	15	\$31,704,095	95	1,236
Hughenden Sun Farm	Hughenden	14.2	\$30,013,210	90	1,171
Whitsunday Solar Farm	Collinsville	52.8	\$111,598,415	335	4,352
	QLD Total	425	\$898,282,695	2,695	35,033
Kingfisher solar storage project	Far northern SA	17	\$35,931,302	108	467
Emu Downs Solar Farm	Cervantes, WA	20.1	\$42,483,480	127	552
Bannerton Solar Park	Bannerton, VIC	51.2	\$108,216,627	325	1407
Gannawarra Solar Farm	Kerang, VIC	52.8	\$111,598,397	335	1451
	Other states total	141.1	\$298,229,806	895	3877
	National total	808.4	\$1,708,639,317	5126	58,883

Table 1, above: Jobs and investment potential of projects short-listed by ARENA for funding (based on statistics from ARENA⁷ and above job stats based on IEEFA analysis)

Funding: An uncertain future

Unfortunately, there is no guarantee that any of these projects will get off the ground. ARENA only has \$100 million available for its large-scale solar PV round, yet \$211 million has been requested by the short-listed proposals. The CEFC only has \$250 million available for 2,000MW of proposals. It is clear there is enormous opportunity – well beyond what ARENA and CEFC are currently supporting.

ARENA is now facing debilitating funding cuts, with nearly all of its remaining funding of \$1.3 billion set to be removed through the federal government's proposed Omnibus Bill that was recently introduced into Parliament.

If this cut to ARENA is sustained, it will essentially mark the end of ARENA and the agency's ability to support critical early stage research and development, as well as demonstration of new innovations that are propelling the renewable energy industry forward in Australia and globally.

A failure to realise the jobs and growth potential of renewable energy projects like this will be a failure to assist regional communities with looming economic transition, particularly or those dependent upon mining.

International opportunities

Australia is set to miss out on the global renewable energy boom unless state and federal governments set strong stable policy and targets. Internationally \$28 trillion will be invested in renewable energy and energy efficiency over the next two decades – more than coal, oil and gas combined, according to a recent report Renewable Energy Superpower from Beyond Zero Emissions.⁸

In addition to this, at least \$2.3 trillion is invested every year by energy intensive industries looking for cheap, reliable energy.⁹ Australia could be the natural home for these industries and investment if the government were to act fast to support the industry and provide it with long-term policy certainty. Such support would require that both CEFC and ARENA's full funding and functions be maintained.

Backwards federal government policy

Despite campaigning strongly on jobs, innovation and growth during this year's federal election campaign, the Turnbull government has not yet demonstrated that it is markedly different from the Abbott government when it comes to support for the renewable energy sector.

⁷ [ARENA](#), January 2016

⁸ Beyond Zero Emissions, [Renewable Energy Superpower](#), October 2015

⁹ Ibid

In 2015 Australia became the first developed country in the world to reduce its national Renewable Energy Target (RET) – from 41,000GWh of large-scale renewable energy to 33,000GWh in 2020. As a result, far less renewable energy will be delivered in Australia in the next decade-and-a-half.

This is likely to mean the emission of nearly 100 million additional tonnes of greenhouse pollution. During the period of policy fluctuation and uncertainty that resulted from efforts to reduce the RET, investment in renewables fell dramatically with \$5-6 billion of foregone investments estimated in the years to 2020.¹⁰

The Abbott government previously cut more than \$435 million from ARENA's overall budget of \$3 billion.¹¹

More recently, the Turnbull government has proposed to cut ARENA's budget further and remove the renewable energy body's grant making function, stifling innovative renewable energy projects and the jobs they bring.

This will have a major impact on the development of new technologies like solar thermal which have a crucial role to play in the future of regional communities. These emerging technologies need grant support to become commercially viable and be successful in securing debt and equity support from funds like the CEFC and new Clean Energy Innovation Fund (CEIF). Without this crucial support they may never get off the ground.

The CEIF was announced by the Coalition as a new fund in this year's federal election campaign. On the face of it, a new fund to support clean energy innovation is welcome. But this new fund was created from money reserved for the existing and successful CEFC. Like the CEFC, the new CEIF will offer debt and equity funding, not grants that are critical to moving early stage innovative projects toward commercial viability.

In fact, the result of removing ARENA's critical role in assisting early stage technology research, development and demonstration is very likely to be a negative blow to innovation and Australia's renewable energy industry.

At present, the policies of the Turnbull government are stifling innovation, jobs and growth in what is a crucial sector for Australia's future. This is revealed starkly by the prediction that, if left unchanged, the national renewable target of 23 per cent by 2020 would mean that employment in renewable energy may never again reach the 2012 peak of 19,120.¹²

¹⁰ Climate Council, [Game On: The Australian Renewable Energy Race Heats Up](#), May 2016, p.6

¹¹ Sydney Morning Herald, [Abbott government to cut \\$435m from renewable energy agency](#), November 2013

¹² Australia Institute, [Nice work if you can get it: Job Outcomes from renewable energy growth policies](#), June 2016, p.8