



Draft Industry Policy Statement

***Building Future Prosperity:
Creating Jobs and Wealth Through Industry Development***

Submission by

**The Western Australian Sustainable Energy Association
(WA SEA) Inc.**

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1 OPENING STATEMENT

The Western Australian Sustainable Energy Association (WA SEA) is the peak body of the Western Australia sustainable energy industry. The Association promotes the development and adoption of sustainable energy technologies and practices that minimise and/or displace fossil fuel use. The Association has over 50 company and individual members, representing a broad spectrum of the industry including waste, solar hot water heating, renewables and energy efficiency.

The WA sustainable energy industry has contributed significantly to the development of our State. A recent survey¹ of the sustainable energy industry in Western Australia found that in 2001/02 total annual sales within the sustainable energy industry were \$620 million with direct sales expected to increase by 17% in 2002/03. In addition, in 2001/02 the WA sustainable energy industry directly employed 2,800 full time equivalent staff and stimulated between 6,400 and 9,900 jobs throughout WA. The sustainable energy industry has also contributed to WA's export industry. Exports from the WA sustainable energy industry in 2001/02 was estimated to exceed \$77 million per annum. It is estimated that exports will increase by over 20% to \$92 million in 2002/03.

WA SEA congratulates the Gallop Government for creating policy which aims to see WA continue to grow and prosper in the future. In order for this growth to fully benefit the State, it must be undertaken in a sustainable manner. It is with this in mind that we offer our comments.

1.1 Lack of sustainability focus

The Policy Statement has been produced as a 'strategic, whole-of-government approach'² to industry development in Western Australia. It is appreciated that State Government initiatives in Sustainable Energy are focused through the Sustainable Energy Development Office (SEDO), under the Treasurer, rather than the Department of Industry and Resources, under the Minister for State Development. However, since the document purports to have a whole-of-government approach, the extent to which it ignores the sustainable energy industry is disappointing.

Prior to election in 2001 the Labor Party published its policy *Sustainable Energy for the Future*. This policy has a number of initiatives aimed at Industry Commercialisation and Export. Several of these initiatives have already been put in place, but so blind is the Draft Industry Policy Statement to the potential growth in the sustainable energy industry that it does not even include the Government's achievements in this sector.

¹ Australian Sustainable Energy Survey: Estimating the Contribution of the Sustainable Energy Industry to the Australian Economy. Mark Ellis & Associates, December 2002.

² The need for an industry policy p2

While acknowledging that minerals, energy (gas and condensate) and manufactured products of the resource industry dominate Western Australian exports, the Policy Statement indicates that the ‘level of investment in service industries needs to increase to ensure quality in jobs and income levels’³.

The Western Australian Sustainable Energy Association (WA SEA) asserts that the Sustainable Energy Industry, which includes provision of energy efficiency services as well as renewable energy, is different from the Mining and Energy Sector and sufficiently important to be specifically recognised in the Statement.

³ Service industries dominate employment p5

2 RECOMMENDATIONS

WA SEA recommends that the following issues be addressed within the Policy Statement document.

2.1 Sustainable Energy Industry

The Western Australian Sustainable Energy Association (WA SEA) asserts that the Sustainable Energy Industry, which includes provision of energy efficiency services as well as renewable energy, is different from the Mining and Energy Sector and sufficiently important to be specifically recognised in the Statement.

2.2 Legislated Mandated Renewable Energy Target

The Policy Statement ignores entirely the WA State Governments commitment towards meeting the Federal Governments Mandated Renewable Energy Target. The MRET was established as a Federal Government initiative aimed at promoting the development of the Australian renewable energy industry and reducing Australia's greenhouse gas emissions. MRET is rightly seen by both the Australian public and international community as a watershed in Federal energy policy; being the most significant Australian commitment in support of the Australian renewable energy industry sector ever enacted.

WA is required, under a 2% MRET to develop some 250MW of renewable energy by the year 2010 - if WA does not construct this capacity it will be built on the eastern seaboard and WA tax payers will foot the bill (to the tune of some \$650M).

Local development of WA's MRET target will have numerous benefits to WA including:

- Develop commercially competitive renewable energy technologies
- Increases the likelihood of overseas manufacturers (for example wind turbines) establishing a manufacturing base in Western Australia
- Bringing much needed employment, particularly in regional Australia where renewable energy projects are traditionally concentrated. It has been estimated that a 10% increase in new renewable energy by 2010 could mean up to 9,375 direct and indirect jobs created in the Australian wind industry alone.

WA SEA Recommends

State Policy to be developed which supports WA to meet its MRET obligation.

2.3 Competitive and Open Business Environment

The Policy Statement acknowledges the need to ‘streamline the approvals process for industry projects’⁴. At present the approvals process for wind or biomass electricity generation projects is extremely difficult; more difficult than for any established industry.

WA SEA recommends

A commitment to developing policies and simplifying procedures for the approval of renewable energy projects. This would be in line with Labor’s Sustainable Energy for the Future policy includes this commitment:

- *remove internal regulatory and other barriers, such as the small scale of WA’s renewable industry and the difficulties of new entrants into the marketplace, to competitive expansion across the renewable energy industry;*

In spite of this promise, made in early 2001, no new renewable energy entrants have managed to break into the marketplace. The new Policy Statement includes a commitment to develop a Western Australian Electricity Access Code and measures to facilitate renewable energy⁵, distributed generation and demand management.

The Competitive and Open Business Environment section includes a commitment to correct the imbalance in Commonwealth Government funding for Western Australia. It does not refer to the agreement made with the Commonwealth through the Renewable Remote Power Generation Program for support of around \$50 million for renewable energy systems in isolated regions nor to the achievements in Western Australia under this agreement.

WA SEA recommends

Recognition of achievements of projects with a sustainability focus

2.4 Continued Development Of Natural Resources And Endowments

Western Australia’s natural resources include one of the world’s best solar resources, strong winds, biomass and large tides.

WA SEA recommends

A strategic, forward looking policy to be developed which addresses ways to make use of these resources in the long term.

⁴ Streamlined approvals process p11

⁵ Electricity Reform p12

2.5 Strategic and responsive approach to Government

In June 2002 the Minister for Energy launched the Energy Smart Government program, which requires certain Government department to reduce greenhouse gas emissions by 12% by 2006/2007 with tough new greenhouse emission targets. He said that the new initiative would stimulate jobs and support local sustainable energy industries. This was a significant commitment by Government, yet was not included in the list of What Government has done⁶.

WA SEA recommends

To include the Government Energy Smart Program as a significant commitment undertaken by the State Government

2.6 Export Capacity And Investment Promotion

With four out of five Solar Hot Water Heater (SHWH) manufacturers located in Western Australia, this industry segment contributes significantly to the State's economy in terms of revenue generation and employment creation. Approximately 90% of all Solar Hot Water Heaters installed in Australia are manufactured here in Western Australia. In addition, water heating is one of the largest contributors to household overall energy use and hence greenhouse gas emissions. The installation of solar hot water heaters has proven to significantly decrease overall household energy costs and most importantly net greenhouse gas emissions.

Western Australia is presently and has for some time been the world's leading exporter, with solar hot water heaters being exported to over 50 countries. The industry has been supported by the State Government's subsidy for purchase of solar hot water systems in Western Australia. With its emphasis on encouraging gas-boosted solar hot water systems this subsidy program has encouraged innovation and industry development. This achievement by Government is not mentioned.

WA SEA recommends

Inclusion of the WA Solar Hot Water Heater industry as a major exporter for WA.

Labor's initial Sustainable Energy for the Future policy also includes the following:

Through SEDA (sic.), Labor will work to:

- *strengthen local industry capacity by improving access to domestic and international markets and supporting pre-commercial activities through a range of industry development initiatives;*
- *identify and focus on factors that help strengthen the competitiveness of local industry; and*

⁶ What Government has done p15

- *liaise with industry and relevant associations in the development of export strategies that target the needs of developing countries and draw upon Kyoto Flexible Mechanisms and international agencies responsible for GHG mitigation for additional financial support.*

WA SEA recommends

The Policy Statement should include further initiatives based on these above listed commitments.

2.7 Innovation and Enterprise

Labor's Sustainable Energy for the Future policy also includes this section:

Through SEDA, Labor will:

- *provide the resources for research, demonstration and commercialisation of renewable energy technologies and energy efficient products;*
- *in collaboration with industry, develop world-class demonstration sites for renewable and energy efficient devices;*
- *assist in the exchange of relevant market information between industry and government through effective information clearing house facilities;*
- *provide incentives for collaborative research with overseas and domestic enterprises;*
- *improve linkages between industry and relevant government and university research and development organisations; and*
- *provide incentives for whole-of-industry cooperation and collaboration in research, innovation and commercialisation through SEDA programs.*

WA SEA recommends

The Policy Statement to list which of these commitments have been achieved and include the other initiatives in the forward commitments.

2.8 Education And Skills Development

The need for education and skills development in sustainable energy has been identified. WA is in a unique position to develop a skilled workforce with its established and expanding Remote Area Power Systems industry and world leading solar hot water industry. TAFE colleges have sought funds for integrating sustainable energy into mainstream trade courses and for developing special courses. Some achievements have been made through ACRE in education and training, including export of education. More is needed. It is disappointing that no recognition of achievements or commitment to further initiatives is included in the Policy Statement.

WA SEA recommends

Acknowledgement of the achievements of TAFE Colleges in education and skills development which have contributed to industry development.

2.9 Investment In Quality Of Lifestyle

Though the State Government has indicated a commitment towards Sustainability and in the policy document has stated achievements to date. Two achievements in particular WA SEA questions are:

- Released the draft State Sustainability Strategy for public comment
- Established a State Greenhouse Taskforce.

WA SEA was involved in providing submissions in response to the State Sustainability Strategy and the State Greenhouse issues paper in February, 2003. This was six months ago and since this time, WA SEA has received no further information from these two entities on outcomes of the public consultation process, progress of finalisation of relevant strategies, implementation etc.

WA SEA recommends

The State Government communicate regularly to industry stakeholders the activities and outcomes of established Taskforces or Units.