



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

JOINT STANDING COMMITTEE ON TRADE AND INVESTMENT  
GROWTH

**Inquiry into Australia's transition to a green energy superpower**

(Public)

FRIDAY, 31 MARCH 2023

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## **JOINT STANDING COMMITTEE ON TRADE AND INVESTMENT GROWTH**

**Friday, 31 March 2023**

**Members in attendance:** Senator Colbeck and Mr Buchholz, Dr Gillespie, Mr Georganas and Ms Lawrence

### **Terms of Reference for the Inquiry:**

The Joint Standing Committee on Trade and Investment Growth shall inquire into how trade and investment can support Australia's transition to a green energy superpower. In conducting its inquiry, the Committee shall have particular regard to:

- where trade and investment activities are already having a positive impact;
- emerging and possible future trends;
- the role of key commonwealth agencies including Austrade, in identifying new trade and inward investment opportunities, and assisting Australian companies to access these opportunities, including through whole of government coordination of investment;
- areas of growth, and how can these be accelerated and/or assisted, including through the use of Commonwealth Special Investment Vehicles; and how Australia can capitalise on existing and future trade agreements and economic frameworks with countries or regions around the world.

In inquiring into this topic, the Committee will have particular regard to the areas that play to Australia's strengths, as identified by the Australian Government in consultation with the states and territories including: renewable energy, battery storage, energy supply and infrastructure, electric vehicle industry, infrastructure; advanced manufacturing, and services and technology.

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**JORGE, Mr Arnold, Chief Executive Officer, Export Council of Australia**

[15:54]

**CHAIR:** I now welcome Mr Arnold Jorge from the Export Council of Australia to the committee. We thank you for submission and for appearing before us today. This hearing is a legal proceeding of the parliament. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I invite you to make a short opening statement of no more than a few minutes before proceeding to inform the discussion.

**Mr Jorge:** The Export Council of Australia is very supportive of exploring the potential of Australia becoming a green energy superpower. There are innovations taking place in the private sector that suggest we have such potential. However, if we're going to pursue this ambition, it cannot be done without proper government support, and that action must be undertaken expeditiously and holistically. The window of opportunity is closing fast. The government must take a proactive role due to factors such as the size of the Australian market, limited access to finance, and the fact that foreign governments have moved quickly and generously to support their own industries.

In my statement today I will not focus on any specific technology in the green energy sector. There are pros and cons with any technology, and the market can suddenly shift from one preference to another. With that perspective, we would therefore discourage the government from betting on any specific technology. That said, there is much it can do to provide support that is cross-cutting while remaining technology agnostic. For example, it can push for higher standards in one industry to adopt green fuels without necessarily specifying which kind. Another example is that it can provide financial support to applicants across the green sector based on the merit of the commercial prospects of the business, not the type of technology. The government should also cast its net wider. It should support smaller-scale initiatives such as conversion of food scraps to generate power within a building, smart software that tracks multiple sources of electricity generation, the electrification of small air vehicles, or the development of compact electricity generation from solar power for use in remote areas.

Many businesses must grow to a certain size to achieve economies of scale and to be globally competitive in the longer term. That presents a significant challenge for a small market like Australia. While Australia is a small market, ensuring that green businesses secure sales from other industries and sectors, including the government, will put things on the right track in the domestic context. We must also go and sell beyond our shores. We must export our goods and services to achieve much larger success and to maintain growth. Unfortunately, doing business internationally is not easy, especially for startups and small exporters; therefore, support for exporters will be crucial. Australian exporters will need the right kind of export finance, market intelligence and connections on the ground. They will need training, including in understanding the often onerous regulations and standards required in overseas jurisdictions in preparing international contracts and marketing.

In marketing, if Australia's potential buyers are not aware of how great we are or do not recognise our strengths and capabilities then it will be difficult for us to compete and make a sale. Being a quiet achiever does not work in exporting. International marketing and promotion of Australia's brand will, therefore, be crucial. Improving market access through innovative green trade agreements should be pursued further. For example, the Australian-Singapore Green Economy Agreement should be expanded to other countries.

On all of these points there are limits to what Australian industry can do on its own, so there is an important role that government at all levels can play to support Australian exporters in green energy technologies. I conclude my opening remarks there and welcome any questions.

**CHAIR:** In terms of government, we have DFAT and AusTrade as the agencies that try to support the export markets of the nation and assist companies that are trying to get into export markets. Could Australian businesses—particularly smaller and medium-sized businesses or enterprises—be better supported to access overseas markets through DFAT and AusTrade? Do you think DFAT and AusTrade, as the two major agencies—though the other is the Export Finance Australia, who gave evidence to us as well—are well positioned to assist businesses in the renewables industry? We're talking about an industry that is perhaps new. It's not like other things—the wheat industry or the wool industry or the coal industry—we've been exporting. To assist these businesses to take advantage of the export opportunities that exist out there in the world—because many countries want to transition to green energy et cetera—are we positioned correctly at the moment and is there enough support from these agencies? If not, what else could they be doing to support small- to medium-sized businesses? I know your BHP's and your big ones have got all the resources at their fingertips. It's mainly those small- and medium-sized businesses.

**Mr Jorge:** Absolutely. All those different agencies that you mentioned, of course, have different functions and different mandates. From the DFAT perspective, for example, as I mentioned perhaps we can continue to expand the Singapore-Australia Green Economy Agreement to other markets, because that innovative agreement allows for the two governments of Australia and Singapore to explore potential partnerships and to effectively provide market access and then to build that awareness about each other's capabilities and where those complementarities might occur. In that context, we think the Department of Foreign Affairs and Trade can maybe look at expanding that particular agreement. It should be able to guide other elements of the government to make sure that any kind of assistance is not necessarily breaking any WTO rules. Our other trading partners are doing that. So I think it's not so much whether we can do it, it's more the willingness of officials to do it.

In terms of Austrade, again, we seriously believe that we can do as much as we can domestically here, and we've seen this in terms of examples across different kinds of industries. In fact, even with just simple goods where we claim it's environmentally friendly and zero emissions a lot of our trade partners, for example, in the Asia-Pacific, don't have that level of sophistication to really appreciate what does it all mean? So in that context there is a need there for building that brand Australia, and in that context—

**CHAIR:** Educating through these offices of trade, DFAT et cetera—

**Mr Jorge:** Yes, that's right. Definitely from Austrade's perspective—

**CHAIR:** Embassies—the whole lot—high commissions—

**Mr Jorge:** Yes, that should be one of the tasks that they should face. We think that there is also an opportunity for Export Finance Australia to come up with a new financial product that would support those kinds of businesses or exporters that are looking for green energy. Again, we would like to cast the net a little more widely. I noted—

**CHAIR:** Export Finance Australia is not doing that role?

**Mr Jorge:** We believe they don't have a specific financial product that is targeted at that. I may be wrong, but that is our understanding. In our discussions with them they were exploring it, but we understand also that they were conscious to make sure that there are no other government programs that may overlap. We very much understand that. At the moment, it's just that we believe that what is being provided in the commercial sector is a little patchy and a lot of the exporters, especially the smaller ones, are not aware of what is actually available. In fact, from what we know, larger banks are not necessarily promoting it. Generally they're kind of just identifying, through their own sources, and then approaching businesses individually, so, in fact, we believe that this is—

**CHAIR:** This is specifically for renewable energy that we're exporting?

**Mr Jorge:** Yes. What we're aware of is that they are approaching certain projects or businesses, but we feel that that means that it's more likely that smaller exporters are missing out on those opportunities. We believe that all those agencies are doing their best. We very much support it. We work very closely with all of them. However, at the same time, we believe that there's still ample opportunity to do more.

**CHAIR:** I'll hand over to Ms Lawrence. I know she has to depart very soon, so I'll give her the opportunity to ask a couple of questions.

**Ms LAWRENCE:** Thank you. Yes, I'm so sorry. I will have to leave soon. I'm interested as to whether you're witnessing a demand driven growth in the export market or whether it is Australian business pushing its technology or its manufactured goods or whatever other market your members are largely concentrated in. Which is happening predominantly here?

**Mr Jorge:** Can I claim both?

**Ms LAWRENCE:** Yes, of course.

**Mr Jorge:** It depends on the market. The European market and the US market are certainly driving from a demand perspective—

**Ms LAWRENCE:** Yes, for Australian—

**Mr Jorge:** for Australian products. And Australia, of course, is seeing that the opportunities, even for those two markets, are sufficiently substantial, so in that context they feel that it is worthwhile to invest in this space. But beyond that, we believe that the awareness and the sophistication is not entirely there. In the South-East Asian region, Singapore is perhaps one of the more sophisticated markets that is certainly looking for Australian alternative energy. But elsewhere, my sense is that they are trying to push for self-sufficiency more than anything at the moment.

**Ms LAWRENCE:** So are you seeing Australian led or Australian well-attended expos that showcase what Australian SMEs are offering?

**Mr Jorge:** That would be one vehicle to do that.

**Ms LAWRENCE:** I appreciate we've just had COVID, so everyone's probably rebuilding that expo space. But is that something that we perhaps should be doing more of, or do you feel we've got the balance about right there?

**Mr Jorge:** No, I think we should definitely do more. I'm talking about also from a whole of brand Australia. The reason is that in fact some of the views I'm just expressing today are straight out of some of the exporters who had just recently travelled and then had come back and had informed us that they were explaining how their technology or their particular business area is innovative and so forth, but it's not necessarily registering.

**Ms LAWRENCE:** I imagine some of the opening examples you provided that are often quite small scale, like within buildings, having capturing of food waste and things like that, that could be something in these high density areas like Singapore, which really welcome technology. If we are the vehicle for that, it would be awesome to export that—

**Mr Jorge:** Absolutely.

**Ms LAWRENCE:** as opposed to just looking at its domestic usage in Australia.

**Mr Jorge:** Yes. The interesting comment that we've also received in that context is that they would prefer assistance in terms of finding and making connections, as opposed to any monetary assistance.

**Ms LAWRENCE:** When you say connections, are you talking about business partnerships or are you saying that they just want to be in touch?

**Mr Jorge:** Mostly buyers. But we believe there are also opportunities, especially with, say, the Australia-UK FTA and the EU FTA, to attract investments into this sector as well. But at the moment that's not entirely the focus, especially for the smaller—

**Ms LAWRENCE:** They're trying to work on their own green energy solutions and are looking for suppliers.

**Mr Jorge:** This is always the challenge with governments negotiating FTAs. We put a lot of resources in negotiation, but afterwards, more often than not, there are less resources they import in terms of actually getting the most out of that FTA through promotion, for example.

**Ms LAWRENCE:** Thank you.

**Mr BUCHHOLZ:** Are there incidents with commercial agreements where we'll send iron ore or energy into countries that we may not have an FTA with?

**Mr Jorge:** Yes.

**Mr BUCHHOLZ:** So it's not contingent on having an FTA with a country—commercial. The world's fairly free trading as such.

**Mr Jorge:** Yes, absolutely. Although, again, if we cast the net a bit more widely to the US initiatives in terms of the Inflation Reduction Act, for example, if you are not an FTA partner of the United States, you would be impacted by it.

**Mr BUCHHOLZ:** Yes.

**Mr Jorge:** But in that context, Australia is not going to be affected as negatively by that.

**CHAIR:** And hopefully soon the EU.

**Mr Jorge:** And hopefully soon the EU. In that context, the key markets that would matter in this particular sector, we believe the spread of Australian FTA arrangements would probably cover it.

**Mr BUCHHOLZ:** Just something from right field, and if you can't answer it that's fine. During the course of us taking evidence, there have been a number of people who have reminded us how abundantly rich we are in lithium and resources and how we should be value-adding. The chair and I had the opportunity to speak before. I know we're being told to do it, but why isn't it being done? What are the inhibitors? What's stopping the market from just organically taking our amazing and competitive advantage and transitioning to this super power? What's holding the market back from that?

**CHAIR:** Why haven't we been doing it?

**Mr BUCHHOLZ:** Yes.

**CHAIR:** I know there's some technology that's involved but—

**Mr Jorge:** Let me look at it first from the positive perspective. We do have the scientific and engineering smarts to do it.

**Mr BUCHHOLZ:** I think so, yes!

**Mr Jorge:** We have the entrepreneurial innovation to do it. The problem is that usually we don't have the finance to kick it off or to grow it. The market size of Australia is small. And this is the thing where, in one sense, as much as the government is pushing for increased manufacturing in Australia, what the problem will be is that unless we export and look beyond our shores, then it will not be sustained in terms of that growth prospect.

In the context I gave in my opening statement, where we could encourage other sectors to already start adopting renewable energy use and more green technology in their activities, like in construction and transport and so forth, then that will really help move things along domestically. And then, of course, we need to help those businesses to export. Again, there is a weakness in the context of those export proficiencies so that one needs to be built up. And, as I mentioned, that branding still needs to be built up as well.

**CHAIR:** Is the Export Council of Australia, as a peak industry body representing members who are exporters, aware if any of its members are currently exporting from Australia renewable products or value-adding to something that takes part in the renewable energy process overseas?

**Mr Jorge:** Yes.

**CHAIR:** Who are they?

**Mr Jorge:** I don't have the specific names with me at the moment.

**CHAIR:** What sorts of products are they?

**Mr Jorge:** Well, certainly in terms of the hydrogen, there are discussions taking place and we understand some contracts have occurred.

**CHAIR:** Sorry, which?

**Mr Jorge:** Hydrogen. Some of the examples—

**CHAIR:** So they're actually exporting at the moment?

**Mr Jorge:** Yes.

**CHAIR:** Okay.

**Mr Jorge:** Or at least—sorry, I'm just trying to recall the discussion we've had with them. Yes, they are already exporting but they are certainly trying to expand it into other places. I really wanted to focus on those other types of technologies I mentioned before where we think there is the opportunity to grow. Something like the biogas arrangement where you use food scraps. With that one they're definitely looking for partners overseas. They have the technology, but they're struggling to get it out there.

Some of them, for example the compact electricity generation using solar power for remote areas, they are already exporting to PNG, for example. But it's something that could certainly be expanded again to other parts of the Pacific, and certainly in other more remote areas in Asia, in south-east Asia.

**CHAIR:** If it's possible at some stage, and if it's okay with your members, to send us through a list of people who are actually exporting at the moment, who have a market overseas, we might be able to get them in to have a bit of a discussion about what's working and how they got into the market et cetera. I'll put that on notice to see if you can and if it's in order with the privacy situation that you have with your members.

**Mr Jorge:** We'll approach them. It just sometimes it's very difficult if they say they're at a sensitive stage of the negotiation.

**CHAIR:** I understand. That's why I put that—

**Mr Jorge:** But we will contact them and then—

**CHAIR:** If they can come and talk to us about—

**Mr Jorge:** I think they would be more than happy to do so, but I will have to approach them.

**CHAIR:** Because what steps they took could be an example for other industries, other people or other companies that are looking at it. There's no point in reinventing the wheel when someone's already done it. Now it may be a different product, but the steps are the same.

**Mr Jorge:** That's fine. We will approach them with a view to hopefully being able to share that with the committee.

**Mr BUCHHOLZ:** Thank you very much for appearing.



**Mr Jorge:** Thank you for your time.

**CHAIR:** Just before you go, thank you for coming today. There's a bit of information, if you could send it through to us, we would be really appreciative. You'll be sent a transcript from Hansard of today's evidence that you provided, and you'll have an opportunity to correct any transcription errors. Just before I close today's hearing, I'd like to thank all the committee members, my deputy chair and the secretariat who put all this together and worked very hard to put it together. And thank you to everyone who appeared before the committee today and to Hansard, who do a wonderful job recording every single word that's said by this committee.

**Committee adjourned at 16:15**