

7 September 2016

GPO BOX 4055
Melbourne, 3001
Victoria, Australia

Mr Mark Fitt
Committee Secretary
Senate Economics Legislation Committee
Parliament House
Canberra ACT 2600

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

Dear Mr Fitt,

Re: Inquiry into Budget Savings (Omnibus) Bill 2016

The Australian Academy of Technology and Engineering (ATSE) thanks the Committee for the opportunity to comment on the Budget Savings (Omnibus) Bill 2016. The Academy would like to raise issues with two of the measures with the Committee.

Firstly, the Bill seeks to realise the savings from the 2014-15 Budget related to cuts to the Australian Renewable Energy Agency (ARENA). This \$1.3 billion cut would essentially abolish ARENA in its current form, moving it from being a grant awarding agency to a debt and equity investor (via the Clean Energy Finance Corporation). ATSE strongly urges the Senate to reconsider this change. As ATSE has noted in its previous submissions on the role of research and development in ARENA¹, the types of projects supported by ARENA are generally earlier stage demonstration projects that would be unlikely to attract commercial financial support on a debt and equity basis alone. ARENA plays a critical role in ensuring that the research and development required to enable increased use of renewable energy in Australia is supported. ATSE urges the Senate and the Government to ensure ARENA continues this role by not proceeding with the proposed savings.

Secondly, the Bill proposes reductions to the tax offset rate claimable under the Research & Development Tax Incentive. The Academy notes that a review of the Incentive has recently been completed by the Chair of Innovation & Science Australia, the Chief Scientist and the Secretary of the Treasury, which included consultation with the research and innovation sectors. Given that the recommendations of this review for improving the Incentive to increase Australian innovation have not yet been released, nor responded to by Government, it would seem premature to make changes such as that proposed in the Bill. The Incentive is a vital component of Australia's innovation system, and ATSE strongly encourages the Senate to postpone any changes until after the review has been released.

Yours sincerely,



Dr Margaret Hartley FTSE
Chief Executive Officer

¹ <http://www.atse.org.au/content/publications/submissions/energy/arenas-future-research-development-priorities.aspx>