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## Australasian Cleantech Review 2015: Cleantech Investments Plummet from Political Uncertainty

### Key Highlights

- Sector comprises 1,500 companies producing 2% of GDP and employing 65,000.
- New investment into cleantech dropped 67% compared to 2013.
- Total 2014 transactions of \$2.9 billion.
- Asia sees cleantech as high priority presenting huge opportunities for Australia.

The Australasian Cleantech sector is profiled in the annual review published this week by research and advisory firm, Australian CleanTech.

The review covers nearly 1500 companies that employ 65,000 people and generate revenue of \$31 billion, some 2% of the Australian GDP.

Cleantech products and services are smart technologies that enable industry and cities to be more efficient by using less resources, increase productivity and grow investment returns. It is the driver of future growth and creates the next wave jobs, investment and trade.

Whilst our trading partners grab the opportunities created by cleantech, 2014 saw the Australian sector suffer from political uncertainty and record a 67% plunge in new investment to \$978 million. The uncertainty has centred on the stalled renewable energy industry but has also been hit by the withdrawal of other supportive government programs.

*"This is the sixth version of Australasian Cleantech Review and it has been used extensively by investors and governments wanting to understand the sector," said John O'Brien, Managing Director of Australian CleanTech.*

*"A government that sets itself against encouraging companies that develop these efficiency solutions is confining the country to be an importer only", he added. "Our studies have shown that Australia has some world leading technology companies that need support to be able to reach their full potential. Without support, these companies may fail or relocate their activities to more supportive jurisdictions."*

The recent Intergenerational Report (IGR) highlighted the need for technological innovation to increase productivity. Treasurer Joe Hockey said that technological advances would 'need to do much of the heavy lifting in the future'.

*"The cleantech sector provides the mechanism to help existing industry to increase productivity and competitiveness whilst at the same time meeting the needs of a growing Asian market," he added. "It provides a solution to the country's productivity challenge!"*

Commenting on the export opportunities for Australian companies, O'Brien says, *"We work extensively in China and Korea facilitating bilateral technology and investment transfers and the difference in the growth in those markets compared to Australia is huge. Australia has the opportunity to export its environmental technologies and expertise to the world."*

New South Wales and Victoria were the most active states with Waste, Water, Hydro, Environmental Services, Solar and Wind sub-sectors all generated more than \$1 billion of revenue.

### Industry Forecasts

The report concludes with a forecast for the trends that will shape the sector in 2015 along with some stabs as to how the politics may unfold.

Cleantech Trends for 2015	
1. International Embarrassment Continues	2015 will provide plenty of opportunities for Australia to appear out of step with its major trading partners. The embarrassment will peak with a disastrous performance at the Paris climate conference in December.
2. Cleantech Emerges from Stealth Mode	Cleantech was a 'bad' word in Australia in 2014 for political reasons. The focus on cleantech in Asia and Europe is however growing quickly and 2015 will see its use become acceptable again in Australia as it drives to jobs, investment and trade.
3. Final Result: ERF 0 - 2 CEFC	2015 will see a review comparing the relative performance of the ERF and CEFC. The CEFC will be shown to have achieved significantly better performances in terms of both financial returns and emissions reduction. By year end, discussions will commence on the merging of the two schemes under the management of the CEFC
4. RET Result	The RET Review debacle will finally come to an end with the passing of revised legislation in June stipulating a target of 36,000 GWh by 2020 and 44,000 GWh by 2024. The investment drought will however not end as international investors decide to wait until after the 2016 election before re-entering the market.
5. Big Business Backs Action	After years of mixed messages from big business, those companies with international connections and their industry groups, finally swing behind decisive action on climate and support for cleantech in 2015 causing further political pressure.
6. States Step up	With a growing number of Labor State Governments, 2015 will see the re-emergence of State-led actions. Other States will join SA and Tasmania in the global States and Regions Alliance and by year end discussions will have started on a State backed ETS.
7. Political 'U' Turns	The Coalition Government will be forced into a dramatic U-turn at the end of the year. The justification will be global pressure and the need to work with our trading partners.
8. China Comes Calling	As the Chinese Government increases its focus on attracting the world's best environmental technologies, it will seek to attract Australia's best cleantech companies to China.
9. Cleantech Emigration	Some of the best cleantech companies will decide to abandon Australia and move all of their operations to more supportive jurisdictions.
10. Green Bonds Mainstream	The Green Bond market will continue to grow and back mature project finance type projects. In 2015, this will extend to backing the growing solar and storage leasing programs.
11. New Ownership Models also Mainstream	Third party ownership of cleantech assets will continue to become more mainstream. Community and industry will accept these new models of ownership in 2015 and just see it is the same way a leasing a vehicle fleet.
12. EVs Get Boring	Pulled along by Tesla's publicity, there will strong growth in the roll out of EVs and EV charging infrastructure in 2015. By the end of the year, it will be seen as boring old news by the media!
13. Solar & Storage Disrupt	Solar and energy storage technologies will see continued growth and roll out in 2015 causing ongoing tension regarding antiquated distribution network regulatory models.
14. Data is King	Finally, the cleantech companies pursuing data management and analysis will make strong progress. The year will see at least one major acquisition in Australia by a big US IT company, such as Amazon or Google, driving massive valuation increases across the sector.

#### FURTHER INFORMATION AND REVIEW COPY:

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The report is available from [www.auscleantech.com.au](http://www.auscleantech.com.au) and is supported by the ASX, Bloomberg New Energy Finance and the international Cleantech Investor magazine.