



**THE HON CHRIS BOWEN MP
MINISTER FOR CLIMATE CHANGE AND ENERGY**

MS22-000831

Mr Justin Punch
Chair
Australian Renewable Energy Agency
GPO Box 643
CANBERRA ACT 2601

Dear Mr Punch

I am pleased to provide you with this Statement of Expectations for the Australian Renewable Energy Agency. I acknowledge ARENA's critical role in supporting the delivery of Australia's Nationally Determined Contribution under the Paris Agreement, to reduce greenhouse gas emissions by 43 per cent below 2005 levels by 2030 and achieve net zero emissions by 2050. ARENA's considerable expertise and knowledge will be vital in supporting many initiatives under *Powering Australia* - our plan to achieve our emissions reduction targets while creating jobs, reducing the cost of electricity, and boosting renewable energy.

In writing this Statement, I acknowledge ARENA's independence as a corporate Commonwealth entity and its functions, as set out under the *Australian Renewable Energy Agency Act 2011* (ARENA Act) and other relevant legislative instruments and regulations, including the *Australian Renewable Energy Agency Amendment (Powering Australia) Regulations 2022* which provide ARENA with new functions to support energy efficiency and electrification technologies and projects. The directions provided in this Statement only apply, and ARENA should only act upon them, to the extent permitted under any relevant legislation or legislative instruments.

Delivering on our 2030 target and net zero by 2050 commitments through *Powering Australia*.

In exercising its functions and meeting its legislated requirements, ARENA should consider the Albanese Government's broader policy framework and priorities, including how it can work in conjunction with the Department of Climate Change, Energy, the Environment and Water (the department) and other government agencies to achieve the Government's vision to restore Australia's reputation and leadership in clean energy and climate action. This includes active engagement with state and territory governments in support of the Government's vision.

ARENA should seek opportunities, in line with its expertise, knowledge and functions, to contribute to the development or implementation of relevant initiatives in the *Powering Australia* plan. This includes supporting research, development and deployment of technologies that facilitate the transition from fossil fuels to clean energy in the electricity, industry and transport sectors; and developing new clean energy industries, such as hydrogen and bioenergy, that will boost regional economic growth. Supporting industries and facilities to decarbonise under the Safeguard Mechanism will be a core part of this approach.

Collaborating with other government agencies on broader policies and priorities

It is important ARENA continues to liaise and collaborate with other government departments and agencies, including CSIRO, the Clean Energy Finance Corporation, the Clean Energy Regulator, the Australian Energy Market Operator, the Australian Research Council and relevant cooperative research centres. ARENA should also participate in advisory committees in support of *Powering Australia* and the Government's broader climate and energy objectives.

ARENA's mandated knowledge-sharing activities and lessons learned from your portfolio of projects will be beneficial to support the development of new and emerging clean energy technologies and other *Powering Australia* initiatives.

ARENA is also well placed to work with the department and other agencies in support of international engagement, to share knowledge and analysis from work the agency has undertaken to date and to support projects or partnerships which can lead to accelerated development and deployment of clean energy technologies in Australia and (where appropriate) overseas.

Ensuring effective and inclusive engagement and governance

I ask ARENA to incorporate the Government's following commitments into its operations, engagement and decision making arrangements:

- A commitment to net zero emissions in the Australian Public Service by 2030;
- Actively considering physical climate risk and steps to mitigate it, in all decisions, including agency operations, activities or funding investments;
- Making every effort to engage fully with First Australians and develop appropriate policies and activities to support the Government's First Nations policy.

ARENA is to continue to ensure it acts in a proper, efficient and effective manner, in line with its obligations under the *Public Governance, Performance and Accountability Act 2013*. I ask the Board to ensure total agency operating costs are kept to an acceptable level and reported to me on a regular basis.

ARENA is to continue to seek my prior approval for any official overseas travel proposed to be undertaken by Board Members, the Chief Executive Officer or Chief Financial Officer.

Communicating across the portfolio

ARENA should continue to liaise with the department to ensure ministerial briefing and advice, whether provided by ARENA or the department, includes timely, accurate and complete information and raises any sensitivities.

I will ensure the department consults with ARENA in a timely manner on matters that are expected to affect ARENA, including the allocation of funding and changes in Government priorities which may impact on ARENA's investment focus areas.

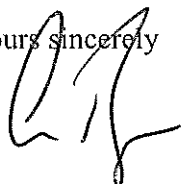
Incineration of non-putrescible waste for energy

I do not intend to approve any General Funding Strategy that allows ARENA to provide financial assistance to projects that involve the incineration of waste for energy.

Australia's national waste policy, including its waste hierarchy, prioritises avoiding, reducing, reusing and recycling waste over other options. Recognising these priorities, together with the established and potentially lower-carbon systems for recycling of plastics, the ongoing uncertainty of adverse impacts of waste incineration, and ARENA's previous involvement in waste to energy projects, I understand this expectation aligns with ARENA's current investment priorities.

I look forward to receiving your Statement of Intent, outlining how you propose to implement these expectations and work collaboratively with the department and other agencies on this very important work.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Bowen', written over the words 'Yours sincerely'.

CHRIS BOWEN