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Chasing the green

GILES PARKINSON THE AUSTRALIAN FEBRUARY 23, 2010 2:03PM

WHEN the annual rich lists come out, one sector that hardly ever gets a mention in the top 100 is that focused on the environment and clean technology.

But that is surely about to change. The realisation that environmental and economic health go hand in hand, the focus on tackling climate change and the expected investment of hundreds of billions of dollars in low-emission technology mean the green economy will generate many rich-listers in future.

Some have already made it. A former solar energy researcher at the University of NSW, Zhengrong Shi, is credited with being the first "solar billionaire". His Suntech Energy has grown to be among the world's largest solar energy companies.

But other rich list incumbents are finding green opportunities - in carbon trading, renewables, algae fuels and other forms of bio-sequestration, transformative industries such as electric car networks and direct investment in environmental and conservation programs.

"I think green is where the action is going to be," says Robert Purves, the former head and major shareholder of health group DCA and now a significant sponsor of environmental initiatives and an investor in green industries. "It's all about putting a price on carbon."

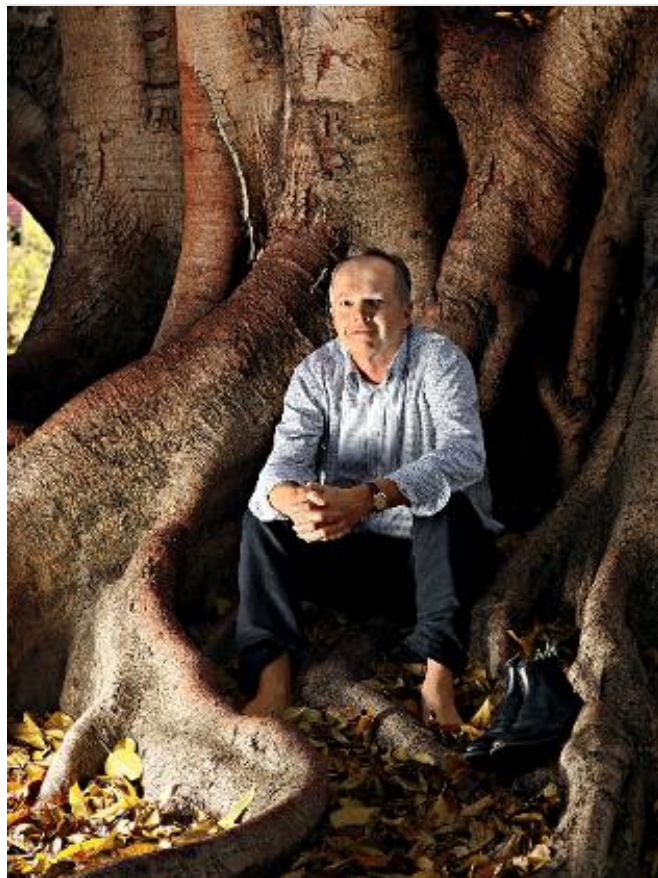
Last year London's The Sunday Times published a list of the world's richest 100 "eco-pioneers". The table was dominated by billionaires who made their money elsewhere but who are now making huge investments in renewable technologies and conservation issues. Warren Buffett and Bill Gates headed the list, with both investing in wind and other renewables, along with Michael Bloomberg, Google founders Sergey Brin and Larry Page, oil man T. Boone Pickens, the Rockefeller family, Nicky Oppenheimer and Richard Branson. Shi appears on the list, with a dozen other Chinese solar entrepreneurs.

Compiling an Australian green rich list wouldn't be easy, as green investment here is in its infancy. But bankers say the green sector has attracted the interest of the country's richest families, including the Pratts, Smorgons, Myers, Blooms, Lews and Liebermans, among others.

"They tend to hunt in packs," says the head of one investment bank that specialises in the area. "If they hear one of the other guys has come in, they tend to want to join in. They are all focused on finding the next big thing and getting it as quickly as possible."

Then there are the inventors, such as Ralph Sarich, who made his fortune from the orbital engine and in property investment. He is working on a new technology that can harness wind and other renewable sources. Another is oil man Alan Burns, who developed wave energy technology that may soon come into commercial production through the company Carnegie Wave Power.

The Belgiorno-Nettis family is one of the largest green investors. Luca Belgiorno-Nettis, joint managing director of the family-owned Transfield Holdings group, says many companies see the potential in renewable energy sources, even if the sector is "fraught with government fiats". The Transfield Services Infrastructure Fund - a listed offshoot - is now a major wind-farm developer and the family's private company is making significant



Robert Purves says "there are opportunities in a carbon-constrained world". Picture: Adam Knott Source: The Australian

investments in solar energy and biofuels.

Transfield invested in Australian Biodiesel, but as Belgiorno-Nettis notes, it was not a success. The company was later absorbed into a US-based renewable energy company, Solverdi Worldwide.

An investment in the solar thermal energy developer Novatec Biosol holds greater promise. Transfield acquired a controlling stake in the German company in 2007 and now has a 1.4 megawatt (MW) plant in Spain and won a major award for industry innovation at the Hannover Fair earlier this year.

Novatec plans another 90MW of solar installations in Spain, but there are no immediate plans to bring the technology to Australia. "We don't have anything here [in the form of government incentives] to rival Spain," Belgiorno-Nettis says. "That's why we are not here. People want to make commercial sense out of it ... there are not many people running as a charity."

Simon Holmes à Court, son of the late businessman Robert, is chairman of what will be Australia's first community-owned wind farm, located near the twin towns of Daylesford and Hepburn Springs in Victoria. The project will install two 2MW turbines to provide enough energy for 2300 houses. The amount imported from the grid on calm days will be offset by that exported on windy days. The farm is based on the model in Denmark, where more than 5500 wind turbines are owned by about 200,000 households. The project has raised more than \$7.3 million from more than 1100 mostly local investors, supplemented by a \$3.1 million loan from the Bendigo Bank and a \$1 million state government grant. Holmes à Court has contributed about 10 per cent of the equity. A further \$1 million needs to be raised.

Holmes à Court says his interest in renewables was piqued when he looked at supplementing the energy supply of the family's cattle properties in the Northern Territory with solar energy. He also owns a farm in Daylesford (off-grid and powered mostly by solar). An information stall on the local main street caught his eye and he was soon elected inaugural chair of the wind project. "It is a fantastic and empowering project for a community to undertake," he says.

Once the project in Daylesford is completed - hopefully by mid-year - Holmes à Court plans to take the model to other Australian communities. He is already talking to one NSW community about harnessing solar and to a group from fire-torn Marysville about using fire-damaged plantation timber for a biomass power plant. Hepburn Wind has presented a paper to the federal government, in which it argues a \$99 million investment could catalyse more than 100 such community-scale projects by 2020, worth more than \$770 million and creating hundreds of jobs in regional Australia.

Holmes à Court and his wife Katrina are funding the establishment of Embark Australia, a proposed peak body for community renewable energy, which will invest in future initiatives. They have also invested in electric car start-up Better Place and a Scottish wind co-operative (Kilbrauer) similar to Hepburn Wind.

But Holmes à Court says it is neither the technology nor the money that excites him the most. "The Hepburn model is ... about enabling communities to work together and constructively engage in the most serious issue of our time. I used to get frustrated at how slowly we were responding to climate change, but now I'm very optimistic. Smart money, smart people and community sentiment are moving quickly in the right direction."

Purves is also focused on the environment as a long-term passion, an opportunity to make money and to influence government policy. He created the Purves Environmental Fund in 2003 with a \$10 million contribution and has put another \$5 million in more recently.

Purves is a former WWF Australia chairman and he remains a director. His fund has been a key supporter of climate change and environmental initiatives - including the Wentworth Group of Concerned Scientists, Tim Flannery's 2005 book *The Weather Makers* and the Australian Youth Climate Coalition. But Purves is also keen to bridge the gap between business and environmental issues. He chairs Environment Business Australia and with Flannery he was instrumental in creating the Copenhagen Climate Council, which brings global business leaders together to consider opportunities in a low-carbon economy.

"The recurring message I'm hearing overseas is that there are opportunities in a carbon-constrained world. Major corporates such as GE say they see all their growth in this area, and we are starting to see that here with players such as Origin and AGL. Business is the most dynamic part of society. It can cope with change, it thrives on change."

Purves also pursues green investments via his private investment group, though - possibly due to his business background - he tends to focus on "service industries" rather than on new technology. "Most investors tend to

struggle with technology plays,” he says. “It creates uncertainty. You might have 20 per cent of the fund in emerging technology, but for the rest you have to get some certainty on returns.”

Although Purves insists advocacy is his passion, his roles within the environment movement and the business community place him in a unique position.

“I feel like I’m a corporate financier in environment. I am plugged into a lot of different organisations and hear a lot about what’s going on. I see many opportunities go by. Often I think: We don’t want to fund that, but I know someone who does.”

Martin Copley made his fortune in insurance underwriting in Britain before moving to Australia and devoting his life to wildlife conservation. His new mission was born after a visit to a sanctuary led him to fight what he sees as an “extinction crisis”. Copley invested millions of his own dollars in creating the Australian Wildlife Conservancy, before deciding he was unable “to do this on my own” and he turned AWC into a public charity in 2001. “There are a lot of generous supporters - people who were a success in business and wouldn’t be there unless they believed in the cause,” he says.

Fellow board members include the founder of Sealcorp, Graeme Morgan; scientist Tim Flannery; co-founder of Portfolio Partners and County NatWest Investment Management Keith Ince; and investment banker Ross Samuel.

“It’s all come together in a way that is highly gratifying. It’s a lovely thing to be involved in,” Copley says.

AWC now has 2.5 million hectares of land in 20 sanctuaries and hosts critical populations of some threatened Australia species. He says these populations are secure and growing. With more than 1500 species and 3000 ecosystems under threat of extinction, Copley says the task is beyond the capacity of government and politicians, whose timelines are very different from those of threatened animals.

“It is blindingly obvious that the government effort is failing by inaction. There are a lot of fine people and words, but programs are contracting all over the country. There is a huge vacuum.”

Copley says that while his focus is on the foundation, he has made one large investment in green technology. He is a major shareholder (as is Graeme Morgan) in the solar energy firm Solar Systems, which collapsed in early September.

“It’s terribly disappointing. I can’t believe that we haven’t succeeded. We have supported it long enough, now it’s time to get someone else in.”

Giles Parkinson writes the Greenchip column in the Monday business section of The Australian.