



Friday, 26 July 2024

Submission – Future Made in Australia Bill 2024

The Clean Energy Council (CEC) welcomes the opportunity to make a submission in response to the Future Made in Australia Bill 2024 (the Bill).

The CEC is the peak body for the clean energy industry in Australia. We represent and work with around 1,000 businesses, operating in Australia across renewable energy, energy storage, and renewable hydrogen, including original equipment manufacturers.

The CEC is a longstanding advocate for Australia's potential to become a renewable energy superpower. In 2023, we published the [Power Playbook](#), a roadmap of 46 recommendations for policy reform necessary to achieve this outcome. This roadmap provided a comprehensive overview of the relevant technologies and enablers, covering all renewable generation and storage, transmission and distribution, electrification, export of green metals and hydrogen, and key enablers including social license, planning and environmental assessments, workforce and supply chains.

The CEC has also commissioned and published research and guidelines on best practice on community engagement and benefits for the renewable energy industry. We pioneered the development of a [Best Practice Charter for Renewable Energy Projects](#) in 2018 to commit clean energy developers to honest and forthright engagement with communities, which boasts over 60 signatories. Our research agenda covers [community benefit sharing](#), [diversity, equity and inclusion in the clean energy workforce](#), and [First Nations participation and benefit-sharing through the energy transition](#). We hold expertise in many areas relevant to the objectives of the Bill.

We broadly support the Bill and commend the Government on their efforts to establish Australia as a renewable energy superpower. There is a clear and essential role for government to address the market failures resulting from the externalisation of carbon emissions. We welcome the establishment of Future Made in Australia Supports that will accelerate the transition, incubate renewable export industries that promote global decarbonisation and secure supply chain sovereignty.

However, we are concerned that the community benefit principles described in the Bill are being rushed through Parliament without any prior opportunity for input by industry, communities and First Nations peoples. Given that decision-makers are bound to consider the community benefit principles in awarding Future Made in Australia Supports, they must be carefully tailored to ensure they unlock private investment and deliver local benefits. The current principles have significant shortcomings, discussed in detail below, that will create ambiguity for decision-makers and investors. They also risk creating unrealistic expectations for communities regarding the potential benefits of the energy transition.

Furthermore, given the possibility that there will be a desire to refine or enhance the community benefit principles over time to reflect the evolving expectations and priorities of communities, industry and government, we recommend the following changes to the legislation:

- The function of community benefit principles as defined in s 10 (1) remain.
- The community benefit principles as defined in s 10 (3)(a) be removed.
- The community benefit principles themselves be defined in subordinate legislation subject to consultation, in accordance with the rulemaking powers outlined in s 10 (3)(b) and s (12).

These changes would deliver the following improvements:

- Afford key stakeholders, including industry, communities and First Nations peoples the opportunity to provide input on their definition.
- Ensure the community benefit principles are fit for purpose and reflect the desires of the groups they are designed to support.
- Enable the principles to flexibly respond to changing capacities of evolving industries.
- Achieve consistency with the recognised need for further consultation to operationalise relevant standards of satisfaction for the principles.

Recognising these recommendations represent substantial changes to the legislation, what follows is a detailed examination of specific problems in the current community benefit principles and recommendations for minor amendments. These amendments will clarify ambiguities for decision-makers.

Community benefit principles

s 10 (3)(a)(i) Promote safe and secure jobs that are well paid and have good conditions

The first community benefit principle emphasises the promotion of ‘well paid’ jobs. This is defined in the Explanatory Memorandum as jobs that would “generally meet prevailing sector- or industry-standard pay and conditions”. The Memorandum also explains that this principle is “intended to ensure that government investment and support promotes the provision of safe and secure jobs consistent with the *Fair Work Act 2009*”.

This principle would be improved by replacing ‘well paid’ with ‘fairly paid’. ‘Well paid’ is a subjective determination, reached by comparison and subject to broader macroeconomic conditions. ‘Well paid’ is inherently ambiguous due to the need for comparison – with what sector or occupation should a job be evaluated against to determine whether it is ‘well paid’? A subjective determination like this should not be the basis for deciding whether a project or industry is eligible to receive Future Made in Australia support.

‘Fairly paid’ better achieves the aims stated in the Explanatory Memorandum. This language is consistent with the stated objective of the Fair Work Act 2009 to ensure “fair, relevant and enforceable” conditions, including remuneration. ‘Fairly paid’ also more accurately meets the

definition in the Explanatory Memorandum of jobs that “generally meet prevailing sector- or industry-standard pay and conditions”. Many jobs governed by award rates and industry-standard remuneration (e.g. primary school teaching) are not necessarily considered to be ‘well paid’ professions (noting this is a subjective determination). However, award rates by definition are ‘fairly paid’.

This principle also prioritises the promotion of ‘secure’ jobs, which are described in the Explanatory memorandum as those that “involve permanent and direct engagement by the entity conducting the enterprise”. A significant number of jobs created by any industrial policy will occur in the construction phase. Projections from Jobs and Skills Australia found the civil construction pipeline, which includes clean energy, will create 450,000 jobs over the next seven years. These jobs are necessary to achieve legislated targets of 82 per cent clean energy in the National Electricity Market and a 43 per cent reduction in greenhouse gas emissions relative to 2005 by 2030. This workforce will necessarily need to expand and contract to support variable construction demand as we transition our economy towards net zero.

The construction industry relies heavily on sub-contracting for many roles, whether for specialised services or labour hire. Flexibility is required for employers to attract talent for time-bound projects, without the requirement for jobs to be made permanent. Most clean energy construction jobs will also be in remote and regional locations. The remuneration conditions for time-bound, remote work, often in challenging conditions, will typically reflect these characteristics to attract the workforce needed. These jobs and the projects that create them should not be devalued because of these characteristics and should remain eligible for Future Made in Australia Supports.

s 10 (3)(a)(ii) Develop more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation

‘Develop’ implies conditional achievement of outcomes that may be beyond the control of an individual project proponent. Workforce development through the energy transition is best achieved by effecting systemic change at an industry-level. For example, Jobs and Skills Australia’s [The Clean Energy Generation](#) report documents the many barriers women face in entering and staying in engineering and technical trades occupations. These include:

- Low uptake of STEM-related course enrolments, with women only comprising 9 per cent of the engineering cohort.
- Very low uptake of trade apprenticeships, at just 5.6 per cent of electrical apprenticeship commencements in 2021.
- Underrepresentation in executive and managerial roles, impacting decisions around hiring, working arrangements, remuneration and career progression.
- Lack of flexibility in project-based work.
- Enduring gender pay gaps.

These barriers result in very low participation by women in these roles. Consequently, good-faith project proponents seeking to improve their workplace diversity and inclusion find themselves competing for a very small pool of workers and stymied despite their best intentions. This should not preclude them from receiving Future Made in Australia support. This principle should be amended to 'Contribute to developing more skilled and inclusive workforces, including broadening opportunities for workforce participation, training and skills development', which offers a more reasonable standard for this principle, while rewarding project proponents that are genuinely committed to improving workforce participation. In the interim, the systemic barriers to participation that will improve the attraction and retention of women to the sector require a tripartite policy response from industry, government and training and education institutions to resolve. This work is well underway.

Sector assessments

s 8 (3)(a) The directions may include consultation requirements for sector assessments, including requirements in relation to the following:

- (a) public consultation;*
- b) periods for consultation*

Rather than being subject to Ministerial direction, the Secretary ought to be obliged to engage in public consultation when conducting a sector assessment. This is essential to ensure the Secretary has access to sufficient information needed for the assessment. It provides stakeholders with the opportunity to ensure all relevant information is considered, particularly regarding technical and commercial questions that may be outside Treasury's subject matter expertise. This is essential to ensure that sector assessments reflect the latest intelligence in a rapidly evolving industry like clean energy, as countries increasingly scale decarbonisation ambitions and jostle to achieve superpower status.

We thank the Committee for its work in considering this legislation and welcome the opportunity to provide further information during scheduled hearings.

Yours sincerely,



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