

Submission to the inquiry into the Future Made in Australia Bill 2024

5 August 2024

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and welfare sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metropolitan, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Climate change disproportionately affects people who face disadvantage including people on low incomes, people with disability, people with chronic health issues and First Nations People.

A rapid transition to net zero emissions, consistent with limiting global warming to 1.5 degrees C, is therefore critical to reducing the impact on people facing disadvantage. This will require Australia prioritising emission reductions this decade and aiming for net zero emissions by 2035.

However, to achieve benefits for everybody, the transition to net zero emissions must be fair and inclusive. Putting people with the least at the centre of policy design means we can rapidly reduce emissions, poverty, and inequality in Australia.

Discussion and Recommendations

ACOSS welcomes the opportunity to make a submission to the Senate Standing Committee on Economics Legislation's Inquiry into the Future Made in Australia Bill 2024 and the Future Made in Australia (Omnibus Amendments No. 1) Bill 2024.

These bills:

- Establish the National Interest Framework to support consideration and decision making in relation to public investment that facilitates private sector investment in the national interest. According to the Bill, it will help to assess sectors that can make a significant contribution to emissions reduction at an efficient cost and where Australia could have a sustained comparative advantage and sectors

where domestic capability is necessary or efficient to deliver economic resilience and security.

- Apply community benefit principles to encourage investment in local communities, domestic industries, supply chains and skills, and promote diverse workforces, secure jobs and tax law compliance. Decision-makers will be responsible for applying community benefit principles for each Future Made in Australia support and enforcing them appropriately, including through Future Made in Australia plans.
- Expand the roles of Export Finance Australia and the Australian Renewable Energy Agency so they can make investments consistent with the National Interest Framework.

ACOSS recognises that Australia will need to invest heavily in all areas of the economy including large scale energy, clean industry and manufacturing to tackle the climate crisis. ACOSS has strongly argued for government investment to have in place guardrails to reduce social and economic risks, maximise community benefits for all, ensure no-one is left behind and achieve global emissions reduction goals.

Our submission focuses on recommendations to strengthen the guardrails that support climate change action that is fairer, faster and more inclusive.

We do note that the Productivity Commission has raised concerns that if the Future Made in Australia program is not implemented well, it could create economic harm. The Productivity Commission recommended the government do a rigorous cost-benefit analysis of each project and develop “off ramps” to terminate assistance that fails to achieve its aims or create international competitiveness. While we have not made any specific recommendations in this submission to address the Productivity Commission’s concerns, we urge the government to take heed and build in appropriate guardrails that reflect the Commission’s recommendations.

Ensure the bill’s objectives reflect need for equity and inclusion

ACOSS welcomes the inclusion of clause c) in the objectives of the Future Made in Australia Bill 2024, to ensure the provisions of Future Made in Australia support ‘broad community benefits’. However, this clause should be strengthened to ensure that the community benefits are equitable and inclusive to avoid leaving behind people and communities experiencing disadvantage.

This recommendation is consistent with the Fair, Fast and Inclusive Climate Change Action Blueprint¹ supported by 114 organisations.²

¹https://assets.nationbuilder.com/acoss/pages/280/attachments/original/1713165438/FFI_Blueprint_Framework_part1_v08.pdf?1713165438

² <https://www.fairfastclimateaction.org.au/resources>

We continue to see poorly targeted and inequitable policies to reduce emissions that benefit people with wealth, choice and control. Meanwhile, people and communities experiencing disadvantage pay disproportionately more towards the cost of the transition and miss out on the benefits it creates.

Adding equity and inclusion to the objective would help ensure that people experiencing disadvantage are considered in projects funded under Future Made in Australia and can benefit from the project. This also helps to create social license for the transition and better ensure no-one is left behind.

Recommendation 1: amend the objectives in the Future Made in Australia Bill 2024, to ensure the community benefits are 'equitable and inclusive' so it reads as:

Objectives c) to ensure that the provision of Future Made in Australia support under other laws considers broad community benefits **that are equitable and inclusive.**

Ensure project developers undertake best practice community engagement

While the bills stipulate that Future Made in Australia support should benefit the community and outlines community benefit principles that to be considered in determining those benefits, there is no **requirement** for project developers to undertake community engagement when determining or delivering the community benefits.

This seems at odds with comments and recommendations from the recent 'Community Engagement Review' report to the Minister for Climate Change and Energy, referred to as the Dyer report, which states:³

"The transition cannot succeed without community participation and effective engagement over a long and sustained period of time."⁴

The Dyer Report makes specific recommendations (see Theme 6 and recommendation 9) around requiring project developers to provide evidence of engagement and support within the community along with benefits if the project were to proceed.⁵

ACOSS recommends including a requirement for project developers seeking government funds under Future Made in Australia to undertake community

³ Community Engagement Review: Report to the Minister for Climate and Energy 2023 <https://www.dcceew.gov.au/sites/default/files/documents/community-engagement-review-report-minister-climate-change-energy.pdf>

⁴ Ibid pg2.

⁵ Ibid.

engagement, to build community support and guide delivery of the Bill's Community Benefits Principles.

ACOSS strongly supports putting in place systems and structures to ensure First Nations People can participate and benefit from Australia's transition to clean energy. Climate change directly threatens the human rights of First Nations People and communities. This includes the right to water, food, health, housing, employment, cultural practice and life itself. This situation is worsened by limits on First Nations Peoples' customary access to, and control or ownership of, land and water resources. Governments must support and resource First Nations People's decision making, self-determination and free, prior and informed consent rights in climate change mitigation and adaptation, and environmental management.

Recommendation 2: Insert new clause at 'Part 3 Provision of Future Made in Australia', that requires project developer to:

- demonstrate they have undertaken initial community consultation, including with relevant First Nations communities and Traditional Owners, to build support for the project and inform the delivery of community benefit principles; and
- have an ongoing community engagement plan in place, including a reference committee or stakeholder panel with diverse membership representative of the community, including First Nations representation.

Ensure the community benefits principles are fair and inclusive

As indicated above, we welcome the inclusion of the community benefits principles to guide investment decision and deliver positive project outcomes. However, the principles should be strengthened to ensure that the community benefits:

- are equitable and inclusive,
- deliver social as well as economic benefits,
- directly benefit people experiencing marginalisation and disadvantage,
- ensure First Nations communities and Traditional Owners can participate in and benefit from Future Made in Australia supports,⁶
- support adaptation, enhance resilience, and are nature positive, and
- support Australia's decarbonisation efforts and the Paris goals to limit global warming to 1.5 degrees Celsius.

⁶ See First Nations Clean Energy Network submission to this inquiry.

Our recommendations below for amendments to the community benefits principles reflect the seven principles outlined in the Fair, Fast and Inclusive Climate Change Action Blueprint,⁷ supported by 114 organisations.⁸

Recommendation 3: Amend the Community Benefits Principles Clause 10 (3) and replicate these amendments at (c) in the Objectives, as follows:

(ii) developing more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation, **with a specific focus on including people unemployed long-term, First Nations people, people with disability and others marginalised in the labour market.**

(iii) engaging collaboratively with and achieving positive **social and economic** outcomes for local communities, such as First Nations Communities and communities directly affected by the transition to net zero.

Insert the following new principles at clause 10 (3) and Objectives (c):

(vi) ensuring First Nations communities and Traditional Owners can participate in and benefit from Future Made in Australia initiatives.

(vii) supporting adaptation, enhance resilience, and be nature positive.

(viii) supporting Australia's greenhouse gas emissions goals to limit global warming to 1.5 degrees.

Incorporate First Nations outcomes into the design of Export Finance Australia given its broadened focus on domestic investments

The Future Made in Australia (Omnibus Amendments No. 1) Bill 2024 will enable Export Finance Australia to make domestically focused investments aligning with national interest priorities where support is not available through existing funds and programs. ACOSS supports the First Nation Clean Energy Network's calls⁹ to amend the *Export Finance and Insurance Corporation Act 1991* (Cth), via the Omnibus Amendments no.1 Bill, to insert a requirement for the Export Finance and Insurance Corporation (EFIC) to have regard to encouraging and facilitating First Nations People's participation in and benefit from the EFIC fulfilling its mandate.

Recommendation 4: Amend The Future Made in Australia (Omnibus Amendments No. 1) Bill 2024, to insert a requirement for the Export Finance and Insurance Corporation (EFIC) to have regard to encouraging and

⁷https://assets.nationbuilder.com/acoss/pages/280/attachments/original/1713165438/FFI_Blueprint_Framework_part1_v08.pdf?1713165438

⁸ <https://www.fairfastclimateaction.org.au/resources>

⁹ See First Nations Clean Energy Network Submission to this inquiry.

facilitating First Nations People's participation in and benefit from the EFIC fulfilling its mandate.

Ensure Future Made in Australia does not invest in fossil fuel projects

While the outline and objects of the bill suggest the proposed National Interest Framework facilitates investments that contribute to emission reduction, it does not prohibit investment in fossil fuel projects or projects that extend the life of fossil fuels.

Investment in new or expanded fossil fuel projects makes it harder to meet the emission reduction targets required to limit global warming to 1.5 degrees Celsius.

The International Energy Agency's 1.5-degree emission reduction scenario advocates that by 2021 no new oil and gas fields, coal mines or extensions should be approved for development.¹⁰

Australia's ongoing support for fossil fuel expansion slows the energy transition, and risks creating stranded assets. This may leave Australia behind in securing supply chains for renewable infrastructure and delay our development of clean economy industries and the accompanying workforce.

Nuclear energy should also be excluded given its dangers to the community associated with this technology.

ACOSS supports the Australian Conservation Foundation's (ACF) calls to include a 'prohibited sectors' clause in the Bill.

Recommendation 5: Include a 'prohibited sector' clause in the bill to ensure fossil fuels, associated infrastructure and nuclear are ineligible for public investment under Future Made in Australia. The following forms of energy production should be excluded from investment:

- Any form of fossil fuel extraction, production or power, or infrastructure including common user infrastructure;
- Any form of nuclear power or nuclear technology; and
- A technology for carbon capture and storage, as defined by the *National Greenhouse and Energy Reporting Act 2007* (Cth).

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¹⁰ <https://www.carbonbrief.org/iea-renewables-should-overtake-coal-within-five-years-to-secure-1-5c-goal/>