



Environmental Defenders Office

29 July 2024

Committee Secretary
Senate Standing Committees on Economics
Submitted via: [Submissions Portal](#)

Dear Committee,

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

Environmental Defenders Office (**EDO**) welcomes the opportunity to make a submission to the Senate Standing Committee on Economics in relation to the Future Made in Australia Bill 2024 (**FMiA Bill**). EDO broadly supports the legislation, and the intention of the Federal Government to invest in, and facilitate, Australia's transition to a net zero economy.

Australia must transition to net zero as soon as possible to prevent further dangerous climate change, and this should be done in a way which maximises benefits for local communities, First Nations communities, and our Pacific region. The federal Government should lead the way, including both through direct investment and enabling and encouraging private investment. In this context, this submission makes recommendations in three key areas to strengthen the FMiA Bill and ensure it does not become a vehicle for greenwashing:

- 1. The Government must not approve new fossil fuel infrastructure, and cease supporting fossil fuel supply.**
- 2. Future Made in Australia supports must be safeguarded against greenwashing.**
- 3. Climate and community considerations should shape sector assessments.**

1. The Government must not approve new fossil fuel infrastructure, and cease supporting fossil fuel supply.

EDO supports the intention of the Future Made in Australia agenda to support the transition to a net zero economy while ensuring community benefits, particularly in communities most affected by both climate impacts, but also the transition itself. Building in emissions reduction considerations and enabling growth in the renewable energy and sustainable manufacturing sector is welcome. It's absolutely critical that there is investment certainty for the rollout of renewables in Australia, in line with our international obligations, and legislated domestic targets to reduce emissions.

However, supporting renewables while *continuing to approve new fossil fuels* will not result in the emissions reductions needed to prevent further dangerous climate change. At the same time as incentivising the net zero transition, the Government must ensure we have a regulatory and policy framework that actively reduces fossil fuel supply in line with our international commitments and legislated targets. In this context, EDO **recommends** the Federal Government adopt much more ambitious emissions targets.¹ The Government must immediately stop approving new fossil fuel projects, and phase-out subsidies and tax concessions that create incentives to pollute, or act as a

¹ See, EDO Submission to the [Climate Change Authority on setting, tracking and achieving Australia's emissions reduction targets \(30 June 2023\)](#).

barrier to emissions reduction. In line with the Future Made in Australia framework, subsidies should be redirected to adaptation planning, renewable energy storage technology development, environment protection, economic transition and community development.

To reflect this imperative, EDO **recommends** the Bill should be amended to ensure Australia's emissions reduction targets and obligations under the Paris Agreement are included in the legislative Objects, to provide an overarching goal for the scheme in line with the need to urgent decarbonise. The need to reduce emissions – through both supply and demand – must be at the heart of the FMiA framework.

2. Future Made in Australia supports must be safeguarded against greenwashing.

The Future Made in Australia Bill creates a framework for specific Commonwealth funds and investments to be identified as 'Future Made in Australia supports' (**FMiA support**). Transfers from the Board of Export Finance Australia are identified as FMiA supports in the legislation, as is support provided under the Future Made in Australia Innovation Fund (administered by ARENA), but others will be listed in the rules at a later date.²

For coherency across the FMiA framework, EDO **recommends** that a FMiA support can only be made available to projects or entities that fall within the scope of a sector assessment, which has previously been carried out under clause 6. Without this stipulation, there is no clear link between the two arms of the FMiA framework (i.e. the National Interest Framework and the FMiA supports). Provision of FMiA supports should only be available where a clear need has been identified and analysis carried out in accordance with the National Interest Framework (**NIF**), through the sector assessment process.

Climate considerations

EDO notes that ARENA's mandate prevents investment in non-renewable energy technologies like fossil fuels, whereas no such stipulation applies to the Board of Export Finance.³ For consistency, and to achieve Australia's emissions reduction targets and international obligations under the Paris Agreement, EDO **recommends** the legislation should make clear that all FMiA supports cannot be used to support fossil fuel projects, infrastructure or related entities or industry.

This will ensure that as other FMiA supports are identified in the rules, a consistent approach in line with the purpose of the Future Made in Australia framework, is applied across all supports – a measure which will prevent greenwashing of the FMiA framework. This must extend to infrastructure and industries associated with continued use of, or which support additional and prolonged, fossil fuel exploitation, such as carbon capture and storage.⁴

Community benefit principles

If investment or funds are identified as a FMiA support, then decision-makers will be required to consider the community benefit principles. The community benefit principles are an important consideration and EDO strongly supports their inclusion in relevant decision-making.

However, greater specificity should be included in the legislation when it comes to securing the free, prior and informed consent of First Nations people. EDO **recommends** that as well as 'engaging collaboratively with... First Nations communities',⁵ there should be a standalone

² Future Made in Australia Bill 2024, cl 10(2)(d).

³ Noting that in performing its functions, the EFIC must have regard to Australia's legislated emissions reduction targets: *Export Finance and Insurance Corporation Act 1991* s 8(2)(b).

⁴ For example, a prohibitive clause in terms similar to s 62, *Clean Energy Finance Corporation Act 2012*, should be adopted.

⁵ Future Made in Australia Bill 2024, cl 11(3)(iii).

community benefit principle relating to First Nations participation and engagement, and social and economic benefits. EDO **recommends** the adoption of the wording proposed by the First Nations Clean Energy Network as a standalone principle: ‘ensuring First Nations communities and Traditional Owners can participate in and benefit from Future Made in Australia supports.’ EDO also **recommends** this principle should reference Australia’s obligations under article 32(2) of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), adopted by Australia on 3 April 2009, such that beneficiaries of FMiA supports must secure the free, prior and informed consent of relevant First Nations people.

EDO additionally **recommends** the community benefit principles should specifically refer to the facilitation of Australia’s emissions reduction targets. and the achievement of nature positive. The climate and biodiversity crises – and solutions – are intrinsically linked, and tackling emissions reductions to the detriment of biodiversity is not an ecologically sound approach.⁶ Nature and climate protection should be deeply integrated into the FMiA support framework through the community benefit principles.

3. Climate and community considerations should shape sector assessments.

The Minister may direct the Secretary to conduct a sector assessment, to assess whether a sector of the Australian economy is aligned with the NIF, and if barriers to private investment need to be addressed by Government.⁷ The term ‘sector’ is not defined, but the Explanatory Memorandum states this is intended to provide flexibility. EDO supports the sector assessment process as a useful way to analyse part of the Australian economy and provide ways performance could be improved in alignment with the NIF,⁸ however recommends some additional mandatory considerations be added to guide the conduct and content of sector assessments.

Community consultation

The Bill does not provide any specific procedure for how a sector assessment should be carried out. While preserving flexibility is important, EDO **recommends** minimum standards for undertaking a sector assessment should be included in the legislation. For example, the legislation should require that where the Secretary undertakes public consultation,⁹ members of the public must be provided with reasonable opportunity to provide comment directly the Secretary, who must include an explanation of how public comment was considered in the final report.

Climate considerations

Climate should be better integrated into the sector assessment process. While the list of matters to be considered by the Secretary in conducting a sector assessment includes, for example, whether the sector could ‘contribute to an orderly path to net zero transformation’,¹⁰ this consideration is at the discretion of the Secretary.

EDO **recommends** analysis of the sectors’ contribution to Australia’s greenhouse gas emissions reduction targets and net zero transformation must be a mandatory consideration for all sector assessments. This standing requirement should be the case regardless of whether a broad

⁶ See, [EDO ‘12 Principles for renewable energy transition projects’ \(2023\)](#).

⁷ Future Made in Australia Bill 2024, cl 6.

⁸ See, recommendation 44 of the EDO Climate Roadmap: *Instigating a review led by the recommended Climate Division in the Department of Prime Minister & Cabinet under a national Climate Act and governance framework, of relevant legislation with the task of identifying the reforms necessary to ensure there is a whole-of-government approach to meeting emissions reduction targets. The review should also identify investment needed for sectors where transition is challenging – for example, including agriculture and manufacturing.*

⁹ Future Made in Australia Bill 2024, cl 9 (3)(a).

¹⁰ Future Made in Australia Bill 2024, cl 8 (1)(b).

thematic sector (e.g., like agriculture) or a specific industry or product sector is being considered, and could be linked to (but not duplicative of) the sectoral decarbonisation plans currently being developed.¹¹ As noted above, the emissions reduction imperative, as well as expected climate impacts on nature, cut across all aspects of the Australian economy. Climate considerations should not be siloed to specific types of decisions or industries, but be incorporated into decision-making across the board.

Moreover, the National Interest Framework identifies two streams, comprising the net zero transformation stream and the economic resilience stream. While the net zero transformation stream looks at comparative advantage in a net zero global economy and contributions to emissions reduction, the economic resilience stream deals with ‘resilience’ and security’ in broad terms.

Given the anticipated impacts on climate change on the national economy,¹² national security,¹³ and almost all economic sectors across Australia and the region,¹⁴ and the urgent need to support better climate adaptation and general resilience measures across the country, EDO **recommends** climate change resilience be explicitly incorporated into the economic resilience stream. Damages to the world economy already outweigh the mitigation costs required to limit global warming to 2 °C by sixfold in the near-term, and thereafter diverge strongly dependent on emission reduction choices we make now.¹⁵ This should be reflected in all Government decision-making, not just ‘climate’ related investments or funding.

Conclusion

EDO supports the intention of the Future Made in Australia policy agenda. The federal Government should have a key role in galvanising the transition to net zero, and EDO is pleased to see further action in enabling renewable industry development. However, this must be accompanied by laws and policies which prevent further exploration and exploitation of fossil fuels, as well as safeguards to prevent laudable policy frameworks – such as the FMiA Bill – from being used for greenwashing.

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Yours sincerely,

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¹¹ https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero#toc_1

¹² See, The Guardian, <https://www.theguardian.com/environment/2023/aug/23/massive-economic-pain-for-australia-if-temperature-rises-exceed-2c-intergenerational-report-predicts> (23 August 2024).

¹³ See, ABC News, <https://www.abc.net.au/news/2024-05-02/national-defence-strategy-ignored-climate-risks/103789018> (2 May 2024).

¹⁴ Climate Council, Compound Costs: How climate change is damaging Australia’s economy (2019): <https://climatecouncil.org.au/wp-content/uploads/2019/05/Costs-of-climate-change-report.pdf>

¹⁵ Kotz, M., Levermann, A. & Wenz, L. The economic commitment of climate change. Nature 628, 551–557 (2024). <https://doi.org/10.1038/s41586-024-07219-0>