



Level 27, 35 Collins St,  
Melbourne VIC 3000

P: +61 3 9902 0741

[info@climateworkscentre.org](mailto:info@climateworkscentre.org)

[climateworkscentre.org](http://climateworkscentre.org)

4 October 2024

Department of the Treasury

To whom it may concern,

**Climateworks Centre submission on the Future Made in Australia Front Door**

Climateworks Centre welcomes the opportunity to provide a submission to the Department of the Treasury on the Future Made in Australia (FMA) Front Door.

Climateworks bridges the gap between research and climate action, operating as an independent not-for-profit within Monash University. We develop specialist knowledge to accelerate emissions reduction, in line with the global 1.5 degrees Celsius temperature goal, across Australia, Southeast Asia and the Pacific.

Australia's economic transition represents a moment of great opportunity. Climateworks has extensively analysed and written about Australia's advantages in the global net zero transition and about building an economy powered by clean energy and the nation's abundant resources.

Climateworks welcomes the intent of the FMA Front Door to identify priority projects, improve access to public finance, streamline approval processes and encourage the private investment required for Australia's economic and emissions reduction goals.

The Front Door is an important element for the delivery of FMA. Climateworks supports the objectives of making it simpler and more attractive for investors to allocate capital to major, transformational projects in Australia and for projects to receive funding.

The transitions that will allow Australia to remain globally competitive are complex, requiring significant action across technology and infrastructure, finance and investment, policy and regulations. The Front Door is an opportunity for the Australian Government to understand the complexities of large transformational projects and to provide assistance to overcome those complexities to ensure FMA helps establish Australia as a renewable energy superpower.

The FMA Bill sets out a National Interest framework, sectoral assessment process and requirements for Future Made in Australia plans and community benefits principles. The rigour set up in the legislation and framework to date should be supported by a similar rigour in determining access to the support contemplated by the Front Door to ensure Australian taxpayers receive value for their money.

The criteria for priority project access should ensure projects are chosen transparently and deliberately and that investments are an effective use of government funding. The recommendations set out below will enhance the Front Door design and delivery to ensure efforts are focused squarely on the transformational projects Australia needs. Climateworks will be pleased to provide further analysis in writing or through meetings, where helpful.



**Recommendation 1: Orient the Front Door towards achieving Australia's national net zero targets and, where possible, the 1.5 degree ambition of the Paris Agreement to ensure Australia fulfils its economic potential.**

FMA investments can contribute both to Australia's Paris Agreement responsibilities – including domestic emissions reduction targets – and Australia's renewable energy superpower potential.

Modelling, analysis, and industry consultation undertaken by Climateworks through the Australian Industry Energy Transitions Initiative (Australian Industry ETI) highlighted a pathway for Australia's industry to transition in line with 1.5°C. This pathway, while possible, presents significant challenges that necessitate strong ambition and coordinated action from government, industry, and finance. Climateworks recommends that the Front Door be oriented where possible towards limiting warming to 1.5°C, establishing and adhering to strong, clear, and enduring goals.

In particular, Climateworks recommends embedding net zero ambition into the assessment process. Assessing whether the projects are in line with the Paris Agreement's 1.5°C goal will enable greater confidence that proposals are in line with Australia's national interests and transformation to align with the future global net zero economy. Irrespective of whether a project meets the criteria to be considered major and transformational, Australia's effort to decarbonise will benefit from a Front Door that supports projects consistent with national net zero targets and, where possible, a 1.5°C pathway.

**Recommendation 2: Establish a clear definition of 'transformational' to guide the Front Door's purpose and inform project assessment criteria.**

The Front Door will play a pivotal role in delivering the large-scale investment proposals necessary for Australia to achieve its vision of becoming a renewable energy superpower. A shared understanding of what constitutes 'transformational' will provide a solid foundation for developing the criteria by which projects and proposals can access Front Door support.

We recommend defining 'transformational' in the Future Made in Australia bills or other instruments as follows:

*“Transformational” refers to projects or initiatives that go beyond incremental improvements and drive a fundamental, systemic shift. This includes maximising the economic and industrial opportunities of the transition to net zero, positioning Australia as an indispensable player in the evolving global economic and strategic landscape.”*

A clear and robust definition will ensure that the Front Door fosters high-impact projects capable of generating long-term benefits for Australia's economy and strategic standing.

**Recommendation 3: Set a clear scope of work and activities for the Front Door to limit duplication with other agencies and ensure delivery of transformational projects.**

Setting a clear scope of work and activities for the Front Door is crucial for limiting duplication of effort and ensuring successful delivery of transformational projects. A well-defined scope would



provide a structured entry point for proposals and assist in project assessment. It will also help streamline interactions between users of the Front Door and government,

By focusing on a limited number of specific objectives, the Front Door can avoid overwhelming both investors and government agencies with ambiguous goals. This "less is more" approach will create more effective and efficient project facilitation.

A clear delineation of services and responsibilities can minimise the risk of duplication across government agencies, as major projects often require engagement from multiple departments. By clarifying who investors should interact with and what services are available, the Front Door can significantly enhance the investor experience, ensuring that projects are navigated through the necessary regulatory and support frameworks efficiently.

Climateworks supports adopting a robust assessment process of the likely impact of proposals in order to determine the level and type of support from the Front Door service. Many projects that can contribute to Australia's economic and net zero ambition would benefit from services, even where they do not meet the criteria to be considered major and transformational. This would help their proponents understand the investment landscape and connect with government incentives. We note that major projects over \$50 million can seek major project status and support from the Major Projects Facilitation Agency, which provides a single entry point for Australian government approvals and has a facilitating role to assist with state and territory regulatory approvals. We also note that proposals for the Front Door go beyond this, particularly in relation to investment.

Climateworks has identified three categories of proposals that could benefit from Front Door services: transformational projects; major projects that are not considered transformational; all other FMA eligible projects. These categories could be eligible for the following services:

Low level support for all FMA eligible projects:

- light-touch referral service that guides projects to appropriate funds and services elsewhere in government) without providing additional assistance.

Medium level support for major projects that do meet criteria for priority projects:

- advice on regulatory processes
- eligible to be on a project list available to potential investors.

High level support for priority projects determined as transformative. Priority projects would warrant support due to first-of-a-kind or complex system challenges, or ones expected to create sufficient momentum to shift technology deployment

- assistance to meet and progress through regulatory processes
- Actively support access to public finance including Australia's special investment vehicles to assist in securing necessary funding.
- facilitate access to private finance and investors.



Climateworks recognises there is a distinction between how different investors may use the Front Door. Some may be looking for investment ready opportunities, whereas others may require the full range of Front Door services to ensure successful project development.

Starting with larger, transformational projects can provide the Front Door with the opportunity to refine its processes and establish best practice before scaling to encompass smaller projects. This phased approach will not only ensure the initial framework is robust, but will allow for the development of tailored support that can be adapted as the Front Door expands.

Climateworks also sees the benefit of government-led work to identify where there are gaps in the market - comparing market assessments with projects coming forward, including through the Front Door. The government could identify major and transformational projects that are then supported to fruition through connecting the project with investors, delivery partners and Front Door services. However this work may be better suited to other agencies or parts of government, at least until the Front Door is well-established.

**Recommendation 4: Require investors and companies using the Front Door and/or receiving FMA investment to meet the first pillar of the Sustainable Finance Roadmap, including climate-related financial disclosures and the sustainable finance taxonomy, irrespective of company size.**

Australia's commitment to achieving its climate targets necessitates that the Front Door support include conditions that major, transformational projects, and the investors and companies behind them, credibly pursue net zero emissions. To that end, Climateworks recommends that companies and investors using the Front Door and/or receiving FMA investment adhere to the Sustainable Finance Roadmap, including climate-related financial disclosure and the sustainable finance taxonomy, beyond the mandatory requirements.

Mandatory climate-related financial disclosure will provide investors with more complete and comparable information about entities' exposures to climate-related financial risks and opportunities, and their climate-related plans and strategies. Given the Front Door provides additional government support it is appropriate to expect high standards of those benefiting from its services. Making disclosures mandatory for all project proponents will allow more robust assessment during the FMA assessment process and show investors how proposals fit with the proponents broader strategy to reduce climate risk. From January 2025, climate-related financial disclosure will be mandatory for all large businesses. Climateworks recommends climate-related financial disclosure be made mandatory for all organisations that use the Front Door and/or receive FMA investment support, irrespective of the company size.

The sustainable finance taxonomy will be a source of guidance and consistency which can help the FMA assessment process and assist investors using the Front Door to inform their capital allocation. The taxonomy also supports the development and use of credible sustainable finance products. It will provide a framework for companies to classify and verify major, transformational projects as environmentally sustainable - making FMA processes coherent with the taxonomy will assist proposals to be eligible for green finance. In many instances, it will





be an appropriate instrument for setting emissions intensity standards and similar benchmarks. The sustainable finance taxonomy is expected to be available for use on a voluntary basis from mid-2025. Climateworks recommends its use be mandatory where an investor or company uses the Front Door and/or receives FMA investment support, unless a valid reason not to can be provided (such as the taxonomy not yet having classified an activity).

In combination, mandated climate-related financial disclosures and use of the sustainable finance taxonomy will commit companies to reducing emissions, minimise the risk of greenwashing and provide greater transparency for investors. Adopting these tools will allow investors and companies that receive support through the Front Door to meet appropriate standards and decarbonise their operations.

**Recommendation 5: Require investors and companies using the Front Door and/or receiving FMA investment support to submit a credible transition plan consistent with Australia's national net zero targets and commitments to the Paris Agreement.**

It is important to ensure the Front Door supports an economic transition that enables and maximises opportunities from the global net zero economy. A credible transition plan is a strategic forward-looking document that details how an entity will prepare for and contribute to the transition to net zero. In order to be credible, a plan must be Paris-aligned (using comparisons with national sectoral pathways where available), comprehensive, feasible and integrated throughout a company. Credible transition plans will provide Australians and investors with greater transparency and accountability about companies' financial risks and opportunities, reinforce the reliability and rigour of climate-related financial disclosures and significantly lower a company's risk of greenwashing.

Under current obligations for mandatory climate-related financial disclosure, entities do not have to disclose a credible transition plan, except in certain situations. However, such plans are increasingly expected by international investors. International best practice is already available and the Treasury is due to issue guidance in 2025. Climateworks recommends that investors or companies that use the Front Door and/or receive FMA investment support be required to have a credible climate transition plan in place.

**Recommendation 6: Consider how the Front Door can attract, simplify and prioritise investment in net zero industrial precincts, consistent with regional and national industrial planning and forecasting, to enable Australia to establish itself as a renewable energy superpower.**

Climateworks finds that focusing investment on net zero industrial precincts combined with effective and coordinated action from government, industry and communities could unlock transformational change. The Front Door can be part of this coordinated action. The Australian Industry ETI shows emissions from industry can be reduced by 92 per cent by 2050 – consistent with a least cost pathway for limiting global warming in line with 1.5°C (Climateworks Centre and Climate-KIC Australia 2023). Climateworks therefore recommends the Front Door prioritise projects that are located within precincts that can have a transformational impact or





energy projects within Renewable Energy Zones. This will enable regional businesses and major, transformational projects to benefit from access to firmed, affordable clean energy, shared infrastructure and the creation of clean energy jobs. This approach would support the goals of the Net Zero Economy Authority.

Significant investment in energy and industrial infrastructure will be required to achieve the scale of decarbonisation required in Australian industry. The 'Coordinated action scenario' explored by Climateworks in the Australian Industry ETI shows that rolling out industry abatement technologies and transitioning the energy system could require as much as \$625 billion by 2050. This equates to roughly \$20.8 billion per year through to 2050 to remain on track to limiting warming to 1.5°C. The Australian Industry ETI showed this could generate \$236 billion annually.

**Recommendation 7: Enable proponents of projects assessed as being major and transformational to efficiently navigate government processes and streamline approval decisions.**

Low-carbon technologies yet to reach commercial maturity coupled with multi-departmental regulatory obligations and approval processes can create high levels of complexity for project development and implementation. Additional support to help navigate government processes and approvals where projects are first-of-kind, or expected to create a substantial step-forward for technology deployment, could have wider beneficial impacts. Environmental and social standards should be maintained through this support, whether for permitting or ensuring prior and informed consent of relevant communities.

The Australian Government could accelerate the approval process by undertaking its feasibility and impact studies across a priority location, such as a net zero industrial precinct. By undertaking assessments and identifying appropriate activities across a location would make it easier for proponents to meet permit requirements. This would reduce the administrative burden on investors and companies, while maintaining high standards.

Yours Sincerely,

Anna Malos  
Australian Country Lead

Kylie Turner  
Sustainable Economies Lead

Matthew Benetti  
Policy Manager - Energy

**REFERENCES**

Climateworks Centre and Climate-KIC Australia (2023) [Pathways to industrial decarbonisation: Positioning Australian industry to prosper in a net zero global economy](#), Australian Industry Energy Transitions Initiative, Phase 3, Climateworks Centre, accessed 30 September 2024

