



Star of the South

# Submission: Inquiry into Australia's transition to a green energy superpower

2nd December 2022



## About Star of the South

Star of the South is Australia's most advanced offshore wind project. It has the potential to power nearly 20 per cent of Victoria's electricity needs while creating thousands of jobs and long-term investment in the Gippsland region. It is backed by Copenhagen Infrastructure Partners (CIP), one of the world's largest clean energy investors, and Cbus super, a leading Australian Industry Super fund. The project is currently in the environmental assessment phase and aims to start construction in the middle of the decade, generating power by 2030.

## The opportunity

Offshore wind is one of the fastest growing industries worldwide. Many countries, including Australia, are setting ambitious targets for offshore wind to provide reliable and large-scale clean electricity to help decarbonise their economies. The use of this technology will be vital in supporting other renewable sources of electricity such as onshore wind and solar, complementing each other to create diverse electricity generation to form a robust electricity grid.

Many regions worldwide have seen local communities flourish upon arrival of a new offshore wind industry, as projects invest heavily in regional towns and create hundreds of new jobs. Similarly, Star of the South has already established an office in Yarram, Gippsland, employing local workers, supporting local business and investing into the local economy and communities.

Star of the South has established an Industry Capability Network (ICN) Gateway to enable suppliers to register their interest in working on the project and participating in the emerging offshore wind industry. We currently have over 100 expressions of interest from the Gippsland area specialising in different areas of the supply chain including electrical equipment, steel and transport. More than 1,000 suppliers have registered to date.

Preliminary economic modelling found Star of the South is estimated to deliver:

- around \$8.7 billion in investment in Victoria over its lifetime
- including an estimated \$6.4 billion direct boost to Gippsland's economy
- and wider economic benefits worth more than \$10.4 billion for the state (Gross Valued Added)
- around 2,000 direct jobs in Victoria over its lifetime including 760 Gippsland jobs during construction and 200 ongoing local jobs during operation.

Offshore wind projects have already begun to invest heavily in Australia and, with the right support, could create a flourishing industry supported by local jobs and local supply chains.

## Recommended actions

### Reducing regulatory barriers

Australia will increasingly need to compete globally for access to capital. By removing regulatory barriers throughout the green energy industry, Australia can drive interest in new projects, unlocking vast capital from both international and national investors.

- **To compete on the global scale, Australia needs to remove barriers for investment.** Offshore wind projects are complex and transcend jurisdictional boundaries. As such, regulatory processes are also complex with touchpoints across multiple departments and levels of governments. Reducing this complexity would create a more attractive environment for investment and could be achieved with a 'one stop shop' approach. A champion for offshore wind within government would remove barriers to investment, drive progress and maximise outcomes for Australians. In the US, the Bureau of Ocean Energy Management has played an important role in leading the development and growth of offshore wind, driving coordination, identifying and resolving industry-wide issues (which cannot be addressed by individual projects) and leading collaboration to support responsible project development.
- **Increased resourcing for key government departments.** Supporting key departments with appropriate resourcing will allow timely progress on milestones and will greatly increase confidence for developing projects. Departments that would benefit from a greater profile, priority and resourcing to assess and regulate offshore wind projects include the DCCEE Offshore Renewables and Environment Assessment teams, NOPTA and NOPSEMA. The creation of a dedicated offshore wind team within NOPSEMA has been a positive step, and we look forward to seeing further resources and teams built to address the needs of this new industry.

### Co-investment and incentives for supply chains

Creating an Australian based supply chain will need government ambition and support, coupled with strong private commitment. Targeted policy and government support schemes can be used to increase investment certainty for local suppliers.

- **Government and industry collaboration can bolster local content of offshore projects.** In 2019, The UK developed and released the offshore wind sector deal<sup>1</sup>, a strategy for the UK offshore wind industry to grow over the next decade. Government investment is to be in the form of consistent and visible offtake auctions (pipeline of 30GW by 2030) while the industry has committed to investments of £250m to build a stronger UK supply chain, 60% local content by 2030 and the establishment of the Offshore Wind Growth Partnership (OWGP). The UK currently employs 26,000 people which is anticipated to increase to 69,000 over the next 5 years<sup>2</sup>. With appropriate support and timeline visibility, Australia has the potential to grow its own local manufacturing bringing large scale investment and creating thousands of local jobs.

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<sup>1</sup> Offshore wind: Sector Deal - GOV.UK ([www.gov.uk](https://www.gov.uk))

<sup>2</sup> OWIC | Our Work

- **Targeted support from Government is needed to attract investment from local suppliers.** The Australian Government is no stranger to supporting new industries, currently investing \$464 million into hydrogen hubs, forming part of the \$1.2 billion commitment to building a national hydrogen industry<sup>3</sup>. This support will jump-start local hydrogen projects and the hydrogen industry supply chain, potentially positioning Australia as one of the hydrogen capitals of the world. Similarly, investment at this scale would be equally beneficial to Australia's offshore wind industry. Early government support could drive development and upgrades from industrial manufacturers, unlocking the full superpower potential of our offshore and coastal regions. Star of the South recommends the consideration of offshore wind specific initiatives as part of the Australian Government's \$15 billion National Reconstruction Fund, of which \$3 billion is earmarked for the clean energy sector.
- **Recommended next steps to develop Australian offshore wind supply chains.** Star of the South recommends that government host a small Australian offshore wind summit to identify the country's competitive advantage, assess the nation's supply chain capabilities and develop a co-investment plan. Discussion and planning with industry, potential suppliers, community and government departments is needed to accurately identify the most beneficial areas for government investment and what level of local production is possible. This could also be achieved via an industry working group, a similar model has been in operation in the UK since 2013. The Offshore Wind Industry Council (OWIC) is a senior government and industry forum designed to develop the UK offshore wind sector by drawing on industry and government knowledge and collaboration<sup>4</sup>. OWIC is co-chaired by the UK Energy Minister and an appointed industry representative. This model could provide Australia with a long-term forum for researching and planning offshore wind and related industries.

Thank you for the opportunity to make a submission into the Joint Standing Committee on Trade and Investment Growth's inquiry into Australia's transition to a green energy superpower. We are happy to answer any further questions and look forward to seeing positive outcomes for the offshore wind industry.

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<sup>3</sup> Funding available for clean hydrogen industrial hubs - DCCEEW

<sup>4</sup> OWIC | Members