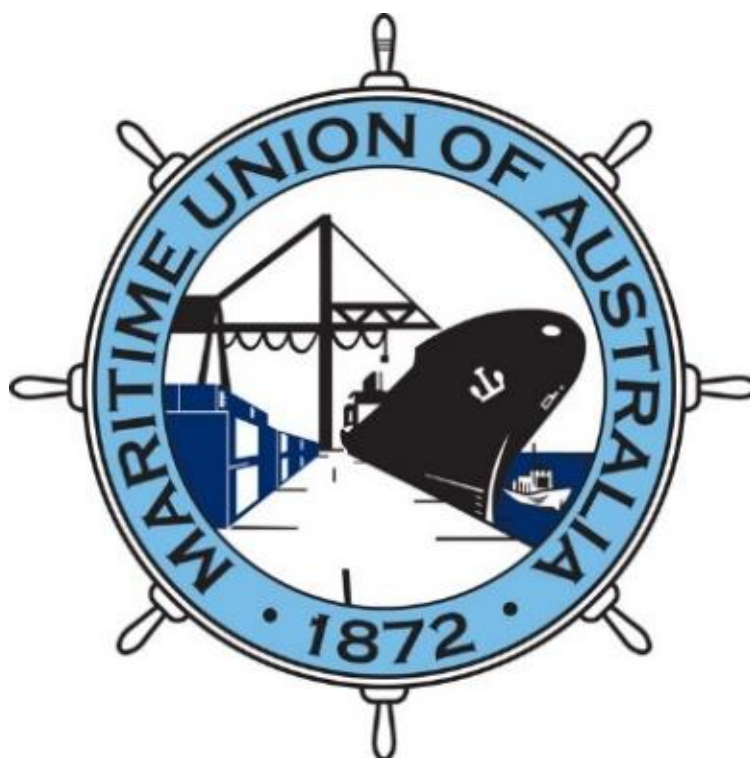


National Reconstruction Fund Corporation Bill Inquiry:

Submission from the Maritime Union of Australia



9 February 2023

Senate Standing Committee on Economics

Submitted via email: economics.sen@aph.gov.au

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Background

This submission has been prepared by the Maritime Union of Australia (MUA).

The MUA represents approximately 14,000 workers in the shipping, offshore oil and gas, stevedoring, port services and commercial diving sectors of the Australian maritime industry. This includes coal export terminals and port and shipping services to most of the companies covered by the Safeguard mechanism, from aluminium smelters to steel manufacturing facilities. The MUA is also part of the Offshore Alliance (with the AWU) which represents workers on offshore oil and gas facilities.

The MUA is a Division of the 120,000-member Construction, Forestry, Maritime, Mining and Energy Union and an affiliate of the 20-million-member International Transport Workers' Federation (ITF).

MUA members currently handle components for onshore renewable energy in ports. The MUA is a member of the ITF's Offshore Wind Task Force which coordinates the work of unions representing workers in offshore wind globally. MUA members will work in offshore renewable energy: on board vessels installing offshore wind turbines, on maintenance vessels and in offshore wind port terminals handling offshore wind components being prepared for installation at sea.

Summary

The MUA welcomes the government's establishing the National Reconstruction Fund (NRF) as part of the Powering Australia suite of policies and programs.

We support the ACTU's submission to this consultation, particularly:

- The need for a clear Purpose of the fund to be set in legislation
- The need for unions and industry to be represented on the board of the NRFC
- The need for all funded projects to include minimum labour and ESG standards, and the inadequacy of the Clean Energy Finance Corporation (CEFC) standards
- The need for the NRF to clearly fit into a process of industry policy and planning

We support the seven priority areas articulated in the NRF consultation document, and in our submission will mainly focus on our areas of work in:

- Renewable energy, particularly offshore wind, and port facilities and vessels required for onshore and offshore renewable energy
- Transport, and in particular shipping and the government's plans for a strategic fleet
- Value-add in resources, which almost always has a shipping component – either to transport raw materials to the refining facility, or to export refined materials

Industry policy and planning

It is critical that government, including the NRF, engage in a serious process of industry planning to underpin decision-making for the Fund, as well as its funding requirements. Such a planning process should identify gaps and areas of opportunity and investment, as well as minimum requirements needs to meet social goals.

A good example of how this planning could be used to underpin government decision-making and to build supply chains, drive local investment and support equity and good jobs is the NSW Renewable Energy Sector Board (RESB) process. The Board's Plan, has now been [approved by the Minister](#) and was incorporated into NSW renewable energy tenders at the end of 2022, as well as other areas of government decision making and policy. The Plan sets out minimum labour, equity and local content requirements (as well as stretch targets), and sets out priority areas for government and private investment.

The RESB is a tripartite statutory board created under the NSW *Electricity Infrastructure Investment Act 2020*, with representatives from unions, steel manufacturers, metal fabricators, employers in the electricity, manufacturing and construction sectors, energy customers, and energy planners. It has the following vision and plan:

Our vision is to make sure our local workers, communities and industries reap the economic benefits of the transition to cheap, reliable and clean electricity.

Our plan sets out how to do this in ways that are cost-effective for all electricity consumers, drive sustainable growth and competitiveness of our industry, and provide quality jobs for new and existing workers in New South Wales.¹

The Board went through an initial research and planning process, underpinned by work from the University of Technology Sydney (UTS) Institute for Sustainable Futures, SGS Economics, MBB Group and ACIL Allen.² RESB members were able to participate in the commissioning the required research and providing feedback to researchers as the research progressed.

In particular the study on *Employment, Skills and Supply Chains: Renewable Energy in NSW – Final* produced by the Institute for Sustainable Futures at UTS is a landmark piece of research the National Reconstruction Fund Taskforce must familiarise itself with, for the way it examines supply chain and workforce gaps and opportunities for renewable energy in NSW, and clearly articulates steps forward for policy makers contending with critical planetary deadlines in a challenging environment.³

A similar piece of national employment, skills and supply chain research is sorely required to guide NRF decision-making for renewable energy, as well as other areas of industry.

¹ Office of Energy and Climate Change, [NSW Renewable Energy Sector Board's Plan](#), September 2022, p.3 The Plan was assessed against Australia's international trade obligations and electricity customers' financial interests (p.18-20), and then separately by the NSW Independent Pricing and Regulatory Tribunal (IPART).

² Studies commissioned by the NSW RESB are available under the header Renewable Energy Sector Board on [this page](#).

³ Briggs, C., Gill, J., Atherton, A., Langdon, R., Jazbec, M., Walker, T., Youren, M., Tjondro, M., Rutovitz, J., Cunningham, R., Wright, S. and Nagrath, K., 2022. [Employment, Skills and Supply Chains: Renewable Energy in NSW – Final Report](#). Sydney: University of Technology Sydney and SGS Economics and Planning.

The NRF consultation document makes a brief reference to ‘develop co-investment plans with industry’ (p.1). This process must be elevated in importance and scope and involve a robust tripartite process. This process will need identify what kinds of funding structures are appropriate to address particular challenges. The assumption must not be made that the CEFC-type structure is adequate to address the scale of the challenge (as the NRF consultation document appears to assume). We address these structural issues later in the submission.

Minimum standards for employment, equity, and local procurement

Another important outcome of the NSW RESB process is a strong set of minimum standards and stretch targets for renewable energy tenders, used in the 2022 tender round. Projects funded under the NRF should meet these standards, as a minimum. Where there is competition for a tender, projects will be judged on how far they go to meeting stretch targets. Figure 1 reproduces some of the standards used in NSW tender documents. This includes:

- Minimum requirements and stretch goals for apprentices
- Minimum requirements and stretch goals for First Nations participation
- Minimum requirements and stretch goals for employment of underrepresented groups (women, long-term unemployed, young people, and anyone else covered by the *NSW Anti-Discrimination Act*.
- Minimum requirements and stretch goals for steel products and components using locally milled steel
- A contractually binding investment in local supply chain innovation
- Requirements to ‘have a current certified industrial agreement registered with the Fair Work Commission’⁴
- The company’s record on work health and safety, payment of employee entitlements, timely payment of small business subcontractors, and compliance with modern slavery legislation is also examined.

Introducing similar or better standards into minimum requirements for NRF funding is important to meet the government’s current policy objectives to improve job security and pay equity, increase labour force participation, to reduce barriers and disincentives to employment (particularly for women and other groups underrepresented in the workforce), and to improve skills and incentivize upskilling.⁵ CEFC requirements are wholly inadequate for meeting these goals, as illustrated by the example of the Snowy Hydro workplace provided in the ACTU’s submission to this consultation.

⁴ Office of Energy and Climate Change, [NSW Renewable Energy Sector Board’s Plan](#), September 2022, p.28. AEMO Services, Renewable Energy Sector Board update, 5 July 2022, p. 6 ‘How RESB plan recommendations are considered under MC8’

⁵ See [Budget Strategy and Outlook Budget Paper No.1](#) October 2022-3, p.11, p.14 [Women’s Budget Statement](#) October 2022-3, p.27. Australian Government Treasury, [Jobs and Skills Summit September 2022 – Outcomes](#), September 2022. Australian Government Treasury, Employment White Paper [Terms of Reference](#), September 2022

Figure 1: Baseline requirements and stretch targets for NSW government renewable energy tenders, 2022. From AEMO Services, [NSW Electricity Infrastructure Tenders](#), Guidelines Round 1 September 2022, p.67

Table 9: Baseline requirements and stretch goals related to MC8³⁶

Supply chain inputs criteria % for supply chain inputs refers to goods and services procured from, or value added in Australia & New Zealand as a percentage of total Project contract value	Baseline requirements			
	Wind	Solar	Pumped hydro	Battery storage
Development phase (everything before COD)	40%	49%	66%	23%
Operation and maintenance phase	51%	71%	61%	35%
Steel product and components using locally milled steel (excludes steel components integral to a component or products not available locally at the time of the Bid)	10%	95%	30%	95%
Supply chain inputs criteria	Stretch goals			
	Wind	Solar	Pumped hydro	Battery storage
Development phase (everything before COD)	72%	81%	86%	78%
Operation and maintenance phase	76%	81%	82%	79%
Steel product and components using locally milled steel	95%			
Investment and innovation in the supply chain	Baseline requirement and stretch goal			
Commitment related to one or combination of: % of Project value in new/local facilities, % of Project value invested in innovation of supply chain, contributions to or participation in pooled investment.	For Tender Round 1, Proponents to make a voluntary but contractually binding commitment to investment and innovation. These commitments should form the basis for baseline requirement and stretch goals in future years.			
Employment, skills and knowledge transfer criteria	Baseline requirement		Stretch goal	
Learning workers ³⁷ (% of total Project workforce)	20%		40%	
Apprentices (% of all trades positions on a Project)	20%		30%	
First Nations participation criteria	Baseline requirement		Stretch goal	
First Nations participation	1.5%		10%, or the goal in the region-specific protocol under the First Nations Guidelines.	
Fair and ethical practice criteria	Baseline requirement		Stretch goal	
Employment of underrepresented groups ³⁸	15%		25%	
Environmentally sustainable procurement criteria				
Numerical minimum requirements do not apply. Proponents are required to respond to evidence requirements to demonstrate environmentally sustainable procurement. This includes:				
<ul style="list-style-type: none">Alignment with NSW Net Zero Plan.Alignment with NSW Circular Economy Policy Statement.Sourcing materials according to EN15804, Green Building Council's or other appropriate sustainability framework.				

³⁶ This section is based on the considerations in the NSW Renewable Energy Sector Board Plan.

³⁷ Note: as defined in the NSW Renewable Energy Sector Board Plan, a 'learning worker' is a worker without qualifications or who needs to update their qualifications or skills to meet the needs of the infrastructure project. This includes trainees and apprentices. Once defined as a learning worker, the worker maintains this status for the duration of the project. All workers on a project who undertake accredited training count towards the learning worker requirement, not just construction workers. The project workforce includes all people who contribute to the project. This includes people such as managers, engineers, finance team, environmental team, safety team, construction employees consisting of supervisors, those in leadership roles, tradespeople and operators. People who undertake training organised by the contractor prior to employment are counted as learning workers only if they are employed on the project. Training must be accredited vocational education and training (VET) or nationally recognised professional qualifications that meet the needs of the project and can be full or part qualifications (such as one or more units of competency). It may be subsidised by government funding or through a fee-for-service arrangement. Participants in the NSW Government Trade Pathways Program are to be included as learning workers and count towards achievement of this outcome.

³⁸ Underepresented groups include people with characteristics defined in the Anti-discrimination Act 1977 (NSW) and people who are long-term unemployed in addition to young people and women.

Procurement requirements must be aligned with a strong planning process so that government has confidence that individual investors are making proposals that align with the public interest. For investors in manufacturing facilities and other shared facilities, clear procurement requirements allow a clear understanding of the upcoming pipeline of work.

Such a process will allow much more confidence around setting of procurement requirements, and enforcing them.

The NSW procurement model has yet to be put to the test, and we await with interest the outcome of most recent round of tenders. Unfortunately, a clear gap in the NSW framework is monitoring, compliance and enforcement. While the NSW RESB has made recommendations on this issue, there is no clear accountability as to who will perform monitoring, compliance and enforcement, and what the systems and requirements are to ensure consistency and uniformity of performance reporting. The NRF Taskforce should ensure that these matters are addressed in the early stages of establishing its policy framework.

Role and structure of the NRF

The NRF is part of a suite of Government policies contained in the Powering Australia plan, as part of the effective implementation of an energy transition, which must be a just transition.⁶

In our view the CEFC model is fundamentally an inappropriate structure to deal with many of the transition challenges we are facing. It assumes that individual businesses are in a position to make an analysis of the transition needs of the whole economy, and identify the gaps that need to be filled in the public interest. Individual businesses do not have visibility of the full picture needed, and are not structured to prioritise acting in the public interest. The result will continue a haphazard and piecemeal approach to addressing the energy transition challenge, and workers and communities will lose out. It will also delay critical aspects of the transition.

The CEFC model, with little to no procurement requirements, also does nothing to address government priorities to improve equity and workforce participation.

Government is in a position to play a much more important role to address our social and transition challenges in a holistic way, and must use this ability. One key challenge is the shared or common-user infrastructure that is needed to build renewable energy at speed and scale. Public ownership of such infrastructure is an important part of ensuring it is used for this purpose.

Examples are:

- Shared port facilities that are needed to build onshore and offshore wind. Victoria has identified that they will need to invest in shared port infrastructure in Hastings,⁷ but will no doubt need Commonwealth support. The port of Esbjerg, Denmark is a very successful model to follow here. The port is publicly owned with common user facilities, and a workforce employed directly by the port authority. It is by far the largest renewable energy port in the world. It has been used as a base to build the majority of the offshore wind

⁶ ACTU, Energy Transition Authority: What workers need, January 2023.

⁷ Victorian Department of Energy, Environment and Climate Action, [Offshore Wind Implementation Statement 1](#), accessed February 2023.

infrastructure in Europe. It also handles an enormous quantity of onshore renewable energy components.

- The shared workforce and infrastructure allows renewable energy developers to use the port facilities they need, and to concentrate on their projects without having to build new ports to accommodate them.
- The port also hosts training facilities for offshore wind workforce.
- Shared training facilities that are needed for all renewable energy infrastructure, which should be delivered through TAFE
- Shared transmission infrastructure, including to connect a shared offshore substation to the grid to facilitate offshore wind. Victoria has recognised the need for this⁸ but this will also need further Commonwealth support. No doubt this will also be dealt with through Rewiring the Nation, but there may be aspects that overlap. For example, very large quantities of electricity cable will need to be manufactured to connect onshore and offshore renewable energy to the grid, and this could be addressed through the NRF.
- Vessels to build offshore wind projects are another piece of shared infrastructure that is in critical short supply globally. For example, vessels that are not yet built are [under contract until 2030](#).

The NRF must be able to set up government-owned corporations where required to make shared investments in common user infrastructure. Investments should also result in shared equity so that benefit can be returned to the NRF and the broader public good.

⁸ Victorian Department of Energy, Environment and Climate Action, [Offshore Wind Implementation Statement 1](#), accessed February 2023.

Figure 2: Part of the Port of Esbjerg, Denmark, which handles vast quantities of components for onshore and offshore renewable energy. There are multiple wind turbine component manufacturing and assembly facilities in the surrounding area.



Investment in services requires clarification

The Explanatory Memorandum (EM) for the National Reconstruction Fund Corporation Bill 2022 (NRF Bill) advises that the *“The Corporation will invest to support, diversify and transform Australia’s industry and economy to secure future prosperity and drive sustainable economic growth. It will provide finance to **projects** (MUA emphasis) across priority areas of the economy to leverage Australia’s natural and competitive strengths, supporting the growth of a vibrant and modern economy, better positioning industry to be successful in a net zero economy and more resilient against supply chain vulnerabilities”*.

In fact there are multiple references to a ‘project’ or ‘projects’ throughout the EM.

However, the term ‘project’ is not used in the Bill and ‘project’ is not defined in Clause 5 (Definitions) of the NRF Bill. We believe that requires clarification, particularly in relation to investment the Corporation may consider for ‘services’ such as shipping services that we submit are a vital adjunct to initiatives or ‘projects’ that *“diversify and transform Australia’s industry and economy”* and to strengthen the economy so it is *“more resilient against supply chain vulnerabilities”*. Shipping services are an essential requirement for the import/export and national distribution of inputs and outputs of ‘projects’.

It will be important for example that the Corporation be permitted to invest in say ship chartering companies that could supply Australian registered ships employing Australian seafarers aimed at improving Australia's shipping supply capability that would provide transportation services to say emerging low/zero carbon industries such as hydrogen production or offshore wind energy production, to name just two future opportunities in a transforming economy, especially one where the policy is aimed at increasing Australian content.

We note that s71 (Investment Mandate) of the NRFC Bill provides that Ministers may, by legislative instrument, give the Board directions about the performance of the Corporation's investment functions or the exercise of the Corporation's investment powers and that such a direction may set out the policies to be pursued by the Corporation on various matters. Some of those are:

- (d) the types of constitutional corporations to which financial accommodation may be provided by a Corporation body;
- (g) the types of entities (other than constitutional corporations, States or Territories) or individuals to which financial accommodation may be provided by a Corporation body;
- (i) the types of equity interests that may be acquired by a Corporation body;
- (j) the types of entities in which a Corporation body may acquire equity interests.

While we do not know the precise form of the intended Investment Mandate/s that might be issued by Ministers, or the level of specificity to be included, we note that the Investment Mandates issued to the Future Fund for the Funds it manages for the Government are quite brief and minimalist, in contrast to Investment Mandates issued for the management of other funds, such that issued by the Norges Bank's Executive Board for management of the Norwegian Government Pension Fund Global, which provides detailed guidance on the types of investments and allocations it can make.⁹

We therefore think that the Government should clarify what it means by 'projects' and what model of Investment Mandates it has in mind and ensure that the Bill be amended to reflect and accommodate the clarification provided by the Government, so that for example it is clear that its investments can be in services that support the Object of the Act, are constitutionally-supported activities as defined and cannot be ruled out by the provisions of an Investment Mandate.

Transport: Australian shipping

We note from the National Reconstruction Fund Consultation Paper that the NRF Corporation will invest across seven priority areas, one of which is Transport, where the Paper indicates the priority is to develop capabilities in transport manufacturing and supply chains including for cars, trains and shipbuilding.

We are concerned about the absence of a specific reference to developing capability in Australian ships (of which Australian merchant shipbuilding, as important as that is, would be just one small component).

⁹ Norges Bank Investment Management, *Investment Mandate: Government Pension Fund Global*
<https://www.nbim.no/en/organisation/governance-model/executive-board-documents/investment-mandate---government-pension-fund-global/>

Given the Government's shipping policy election commitments to (i) establish a strategic fleet and as a first step, appoint a Taskforce to guide the Government on the establishment of the strategic fleet as quickly as possible (established on 20 October 2022, delivering an Interim report to the Government on 22 December 2022), one task being how best to enforce existing coastal shipping laws and what legislative or regulatory reforms are necessary to reinvigorate Australian shipping; and (ii) that the Government will act immediately to close loopholes in the existing regulatory framework to help rebuild Australian shipping, we think it is imperative that the framework for the operation of the NRF explicitly identify Australian shipping as a service sector that will be supported by the NRF.

We further note from the Consultation Paper that the Government has already identified the target investment levels for specific priority areas, but none of those allocations identify transport or supply chain infrastructure, shipping in particular, for investment from the NRF.

Establishment of a strategic fleet and closing loopholes in the existing regulatory framework will require significant investment, both public and private, to rebuild Australian shipping capability and to level the playing field for Australian ships, enabling them to operate competitively where foreign ships and rail and road modes are currently provided with competitive advantages through subsidy, taxation benefits and other government assistance that had to date disadvantaged Australian ships.

It will be important that the NRF be a potential source of that co-investment that ship owners, ship operators, ship charterers and other investors can access once the policy and regulatory settings address the current competitive disadvantages for Australian shipping and provide long term policy certainty so that investors can secure a reasonable return over the life of long term contracts of affreightment or over the investment life of ships.

Renewable Energy: Offshore Wind

A substantial number of offshore wind projects are in planning phases in Australia, particularly in Victoria, NSW, WA and SA. These projects can provide critical bulk electricity supply in locations close to major population centres and at times that complement electricity production from onshore wind and solar, particularly during peak evening times. They will also provide skilled jobs in places that they are needed due to the energy transition.

The development of offshore wind in Australia is taking place under the Commonwealth *Offshore Electricity Infrastructure Act 2021*. Decisions to issue licences under this Act are made by the Commonwealth Energy Minister, and include a consideration of 'the project's impact on, and contribution to, the Australian economy and local communities, including in relation to regional development, job creation, Australian industries and the use of Australian goods and services' (*Offshore Electricity Infrastructure Regulations 2022*, s.26(4)(a)), with the first round of applications currently open and due at the end of April 2023.

The Government must make full and transparent use of this important provision in regulations, and do so coordination with the Department of Industry and the NRF. There are very considerable economic benefits that could be captured through the development of offshore wind and its supply

chains, which have been documented by a Danish study as follows for a 1 GW Danish offshore wind farm:

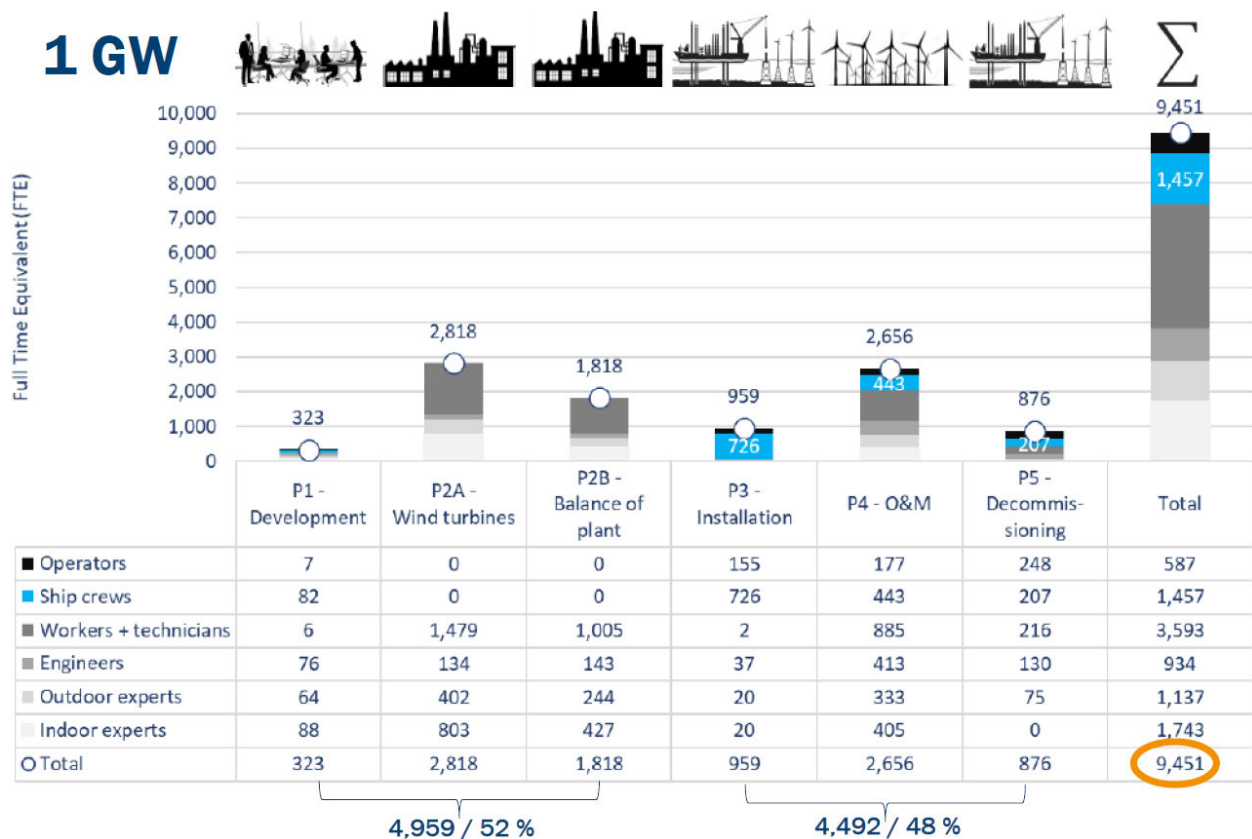
- Will generate around EUR 5 million (one-off) to the installation port
- An O&M port is assessed to receive around EUR 0.5 million EUR per year, which is equivalent to EUR 12.5 million over 25 years

If local suppliers are included (shipyards, steel manufacturers and electricians to local restaurants, hotels and catering companies), the benefits for a 1 GW project are:

- Between EUR 11-28 million in turnover and between 30-96 FTEs to the local installation port and suppliers combined.
- Between EUR 3.2-9.1 million in turnover and between 59-81 FTEs each year over a period of 25 years to the local O&M port and suppliers combined.¹⁰

There are also very significant numbers of jobs for the overall project, as illustrated in Figure 3.

Figure 3: Estimated number of jobs arising from a 1 GW offshore wind project.



Source: Port of Esbjerg presentation, sourced from QBIS, Socio economic impact study of offshore wind, 2020, p.29.

The NSW and Victorian governments have begun such considerations, in Victoria through their Offshore Wind Implementation Statement and processes. NSW projects will require floating offshore wind turbines due to the greater depth of the continental shelf. This is a newer

¹⁰ QBIS, Socio economic impact study of offshore wind, 2020, p.7

technology, and provides an opportunity for NSW and ports such as Newcastle and Port Kembla to establish themselves as early adopters and leading centres for development, manufacturing and deployment of floating wind turbines. The NSW RESB Plan provides a suite of recommendations for developing this technology in NSW.¹¹ Floating offshore wind developer Oceanex has also made a more detailed assessment of their supply chain needs, which could be shared across other offshore and onshore wind projects, with the right planning.¹²

The US National Renewable Energy Laboratory have undertaken important studies of the supply chain, manufacturing facilities and workforce to build 30 GW of offshore wind in the USA by 2030 (fixed bottom and floating), if the components are sourced from the USA.¹³ For comparison, Victoria has announced an offshore wind target of 9 GW by 2040.¹⁴ A similar amount could be built in NSW, meaning that Australia may exceed 20 GW of offshore wind once developments in WA and SA, and further development in Victoria, are included. More than 30 GW of offshore wind is currently announced and in development in Australia, but with little national coordination it is unclear how much of this will be built.

The NREL assessment emphasises the three required areas for development are:

- manufacturing facilities,
- ports and
- vessels (Figure 4).

Of the \$22 billion in investment required in offshore wind facilities, \$8 billion will need to be in ports (Figure 5). It is estimated that 7 types of vessels will be needed in the US – 37 large and very large vessels and 58 smaller crew transfer vessels (Figure 4). This is a significant shipbuilding task. In Australia, the consistent rough seas off our southern coasts means that it will likely not be safe to rely on crew transfer vessels, so a high proportion of larger service operations vessels will be used for maintenance.

A major conclusion from the US NREL offshore wind supply chain study was that ‘over half the existing pipeline was at risk of not being installed by 2030 because of limited port and vessel availability’.¹⁵

A similar national renewable energy supply chain assessment for Australia is very much needed to grasp and plan for the scale of the challenge needed.

¹¹ Office of Energy and Climate Change, [NSW Renewable Energy Sector Board's Plan](#), September 2022, p.24, p62-3.

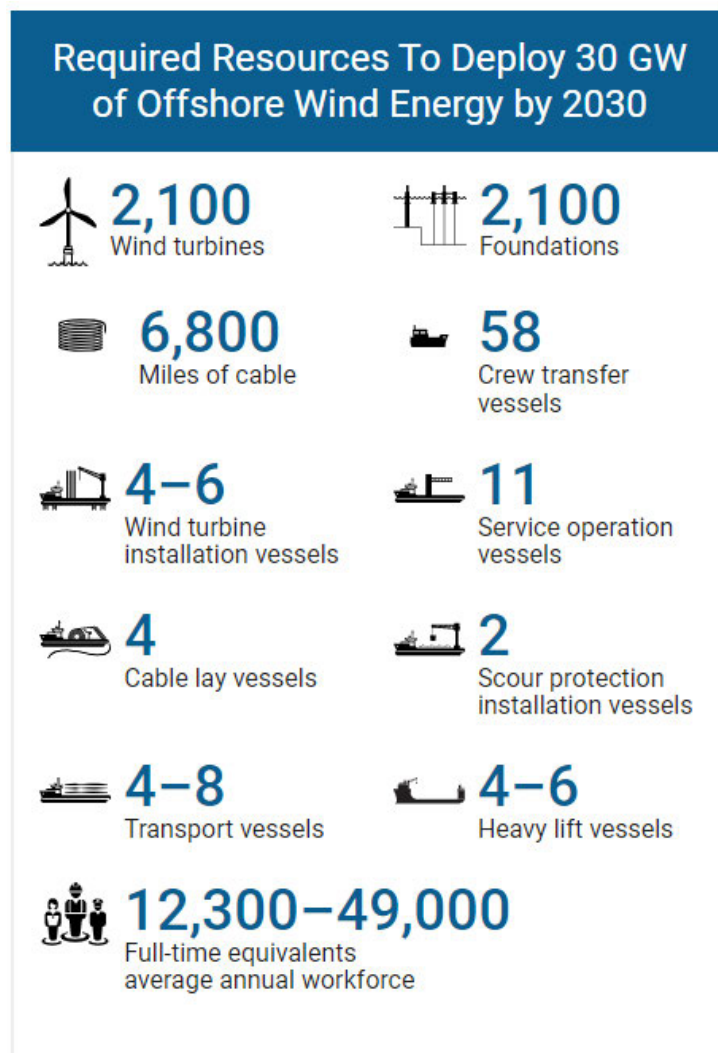
¹² Oceanex Energy and MBB Group, [Energising Australia with Offshore Wind](#), March 2022.

¹³ NREL, [A Supply Chain Road Map for Offshore Wind Energy in the United States](#), January 2023. NREL, [US Offshore Wind Workforce Assessment](#), October 2022.

¹⁴ Victorian Department of Energy, Environment and Climate Action, [Offshore wind Energy](#), accessed February 2023.

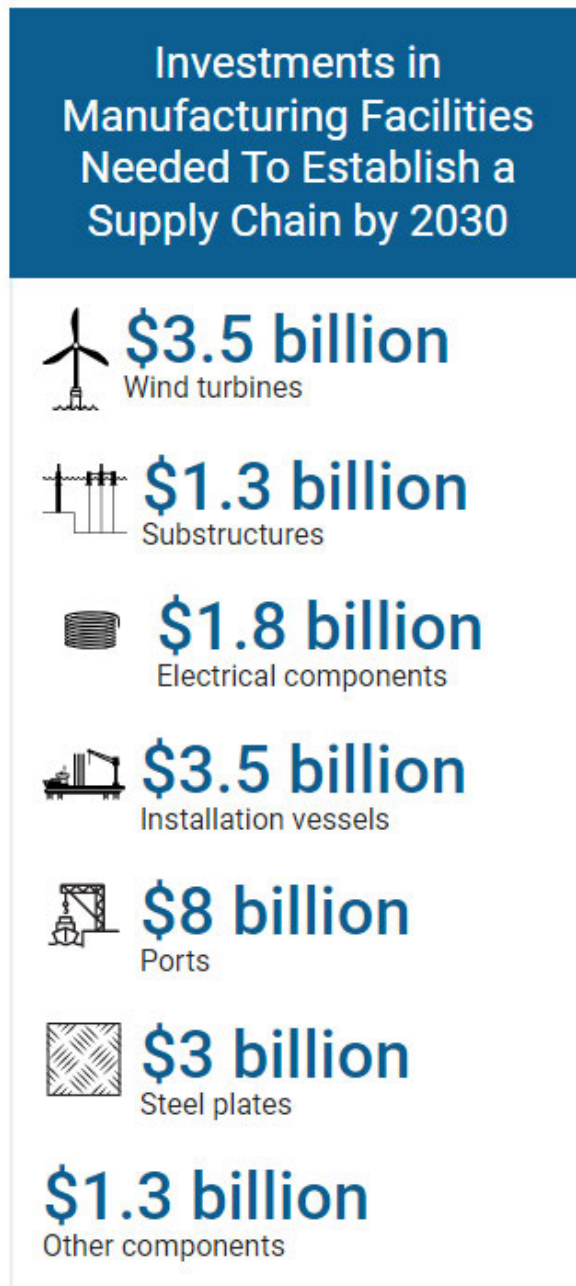
¹⁵ NREL, [A Supply Chain Road Map for Offshore Wind Energy in the United States](#), January 2023, p.xiv.

Figure 4: Resources and supply chain needs to build 30 GW of offshore wind in the USA.



Source: NREL, [A Supply Chain Road Map for Offshore Wind Energy in the United States](#), January 2023.

Figure 5: Investments in manufacturing facilities needed to build 30 GW of offshore wind in the USA.



Source: NREL, [A Supply Chain Road Map for Offshore Wind Energy in the United States](#), January 2023.

The US government has established a Federal-State Offshore Wind Implementation Partnership with 11 state governments, with the objective to 'work together to build a strong, U.S.-based supply chain for offshore wind, grow a skilled U.S. workforce, and build on work to address important regional matters such as transmission and interconnection'. The first step is to expand 'manufacturing facilities for offshore wind components, port capabilities, logistics networks needed to install projects, and workforce development to fill good-paying jobs.' This will include the

designation of offshore wind vessels as Vessels of National Interest for support through the Federal Ship Financing Program.¹⁶ Similar national coordination is needed in Australia.

Sourcing an adequate number of construction vessels is a critical risk, particularly wind turbine installation vessels. There are currently only 15 wind turbine installation vessels currently in operation around the world, and only 6-7 of these have the capacity to install the 15 MW turbines likely to be used in Australia. There are a further 6 vessels under construction which will be homeported in Europe, the US, Japan and Korea, but even these new vessels are not enough to meet current European or US offshore wind construction targets.¹⁷

The new government has an ambitious maritime policy, including the creation of a national Strategic Fleet. Strategic Fleet policies and structures could be leveraged to assist in securing adequate offshore wind construction vessels to meet Australia's energy transition needs. NRF funds should be available to support such investments, in coordination with DCCEEW and the Department of Infrastructure. Vessels used for construction and maintenance of offshore wind projects must be Regulated Australian Vessels with Australian crew and maritime qualifications issued under the *Navigation Act*.

¹⁶ The White House, [FACT SHEET: Biden Administration Launches New Federal-State Offshore Wind Partnership to Grow American-Made Clean Energy](#), 23 June 2022

¹⁷ NREL, [The Demand for a Domestic Offshore Wind Energy Supply Chain](#), March 2022, p.32-33, NREL, [A Supply Chain Road Map for Offshore Wind Energy in the United States](#), January 2023, p.15.