

## Report to the Future Melbourne Committee

Agenda item 6.4

### Establishment of a Zero-Carbon Industry cluster

12 July 2022

**Presenter:** Andrew Wear, Acting General Manager City Economy and Innovation

#### Purpose and background

1. The purpose of this report is to update the Future Melbourne Committee on progress towards implementation of Major Initiative 29 – *Create an enabling environment for Melbourne businesses and universities to become the employment centre of a resilient zero-carbon economy.*
2. In implementing this Major Initiative, management is working with City of Melbourne organisations active in zero-carbon industries to facilitate an industry network that will encourage growth of the sector and an increase in employment opportunities.
3. Given the recent election of the federal Albanese Government, work on this Major Initiative is timely as it enables Council to engage with the priorities of the new government, such as upgrading of the electricity grid, installation of community batteries, and rollout of solar banks. Council has written to the government seeking an exchange of ideas to deliver positive climate outcomes for our city and nation.
4. This Major Initiative aligns with *Melbourne's Thriving Economic Future – Economic Development Strategy 2031*. One of the eight priorities in the strategy is to 'unlock climate capital,' aimed at supporting Melbourne's transition to a leading low-carbon economy.

#### Key issues

##### *Establishment of a zero carbon cluster*

5. The principal focus of work under this Major Initiative – particularly for the forthcoming 2022-23 financial year – is the establishment of a Zero-Carbon Jobs Cluster ('the Cluster') that will support growth of the zero-carbon sector and resultant employment opportunities for the city.
  - 5.1. To achieve this, management is actively engaged in discussions with a peak body active in this arena to pursue a partnership that will see a 'Zero-Carbon Jobs Summit' ('Summit') take place in November 2022. The objectives of the Summit will be to bring together a group of stakeholders in this field (e.g. universities, start-ups, established businesses and relevant public sector agencies) to identify objectives and priorities for an industry cluster that the City of Melbourne would actively facilitate.
  - 5.2. In establishing the Cluster, its membership and objectives, management is also considering international examples of best-practice in this field, such as the [State of Green](#) initiative in Copenhagen, Denmark, that builds international partnerships, solutions, and insights within energy, water, cities, and circular economy and delivers a mix of events, delegations, conferences and other communications activities that support Copenhagen's transition to a zero-carbon economy.
    - 5.2.1. The proposed Cluster's terms of reference and governance structure will be developed following the Summit. It is not intended that the Cluster will have a direct link to Council or councillors. Rather, CoM management will provide support to the emerging cluster and will keep councillors informed of developments and achievements.
6. Management has conducted a preliminary round of stakeholder consultations to test the appetite for the formation of the Cluster and identify common opportunities for growth of the sector. Consultation with stakeholders has revealed the following themes:
  - 6.1. Building capacity amongst the sector to strengthen its global competitiveness, particularly in the pre-commercial stages is seen as particularly valuable.
  - 6.2. Any cluster or industry development action needs to be action-oriented and focus on the creation of *practical projects* that are linked to measurable objectives

- 6.3. There is value in examining how supply-chains for City of Melbourne businesses can support the objectives of this Major Initiative, particularly when looking at decarbonisation efforts.
7. While the stakeholder engagement work has been fruitful, it has not been comprehensive, as management does not have complete visibility over this sector. Consequently, there is a need to conduct a Market Opportunities Assessment to create a stronger evidence-base for the forthcoming Summit and the formation of the Cluster.

#### *Green Finance*

8. Management has also been exploring the options for the utilisation of 'green finance' as a further tool to support the objectives of this major initiative. Broadly speaking, green finance is either procurement of finance from green sources (e.g. from financiers who don't invest in projects that exploit fossil-fuels), or the application of finance to green purposes (e.g. a recycling initiative).
9. The City of Melbourne currently facilitates Environmental Upgrade Agreements, which are tri-partite arrangements between the Council, building owners and financial institution that provide funding to the building owner for retrofits that are then repaid through the building owner's rates.
10. Opportunities for further exploration of green finance initiatives could present where a market failure prevents or restricts the efforts of residents, commercial and private land-owners or businesses in the municipality to obtain finance for green projects, such as retrofitting a building to enhance its sustainability. Opportunities may also arise where there is a direct and clear application of green financing for initiatives as the green financing sector grows and matures. Management will maintain a 'watching brief' and will seek out further opportunities for involvement in green finance projects.

#### **Recommendation from management**

11. That the Future Melbourne Committee:
  - 11.1. Endorses management working with external stakeholders to support the establishment of a 'Zero-carbon' Industry and Jobs Cluster ('Cluster') by 30 June 2023.
  - 11.2. Endorses management facilitating a Zero-Carbon Jobs Summit ('Summit').
  - 11.3. Notes that management will conduct a market-opportunities assessment prior to the scheduled Summit to support the preparations for both the Summit and the Cluster.
  - 11.4. Notes that management will keep a watching brief on opportunities for the City of Melbourne to engage with green finance initiatives.
  - 11.5. Requests that management report back to the Future Melbourne Committee in March 2023 on the outcomes of the Summit and preparations for the Cluster, including the proposed governance, support and reporting arrangements.

#### **Attachments:**

1. Supporting Attachment (Page 3 of 3)

**Supporting Attachment**

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**Legal**

1. There are no direct legal implications arising from this report.

**Finance**

2. This initiative will be funded within existing operational budget included in the draft Budget 2022–23.

**Conflict of interest**

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

**Health and Safety**

4. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

**Stakeholder consultation**

5. Council officers spoke to a small number of stakeholders to help identify the landscape of the Zero Carbon industry segment operating in the City of Melbourne.
  - A brief summary of this engagement is at paragraph 6.
  - Further work is required in this area as identified in paragraph 7 and this is reflected in the recommendation at paragraph 11.3.

**Relation to Council policy**

6. The content of this report is consistent with the Council Plan and the city's economic development strategy.

**Environmental sustainability**

7. The work under Major Initiative 29 will grow the Zero-carbon sector in the city, thereby indirectly and directly enhancing the city's environmental sustainability. In terms of the delivery of the work program recommended in this report, management will adhere to all relevant policies and procedures when delivering this work.