

# Renewable Energy



## Renewable Energy Development in Tasmania A Guideline for Community Engagement, Benefit Sharing and Local Procurement

Technical Supplement 4: Think local procurement

Central to the Renewable Energy Coordinated Framework (the Framework) is ensuring that the benefits from renewable energy projects, such as jobs and investment, are maximised for local communities. To achieve this, local procurement can be used as a powerful benefit sharing tool within the project design of large-scale renewable energy projects. Executed in a timely and coordinated way, local procurement can take the vision of sharing economic growth and turn it into a reality for Tasmanians. However, it is also recognised that it will also be necessary to source skills and expertise from further afield. It is essential that developers and contractors communicate clearly about the opportunities and limitations for local procurement to help manage community expectations.

#### 4. a) Links between local procurement and social licence

As outlined in the Framework, sharing the financial benefits of renewable energy growth with the community will provide for a long-lasting positive contribution to regional Tasmania. This sharing is essential, as the renewable energy vision will require high levels of engagement and acceptance. Community engagement undertaken in the preparation of this Guideline highlighted the deep connection Tasmanians experience with their local communities and the high level of expectation that large-scale renewable energy should deliver lasting improvements to quality of life of the communities that host projects.

Tasmanians clearly articulated that local meaningful job opportunities which retain island talent and provide careers for young people are key expected outcomes of renewable energy developments. This existing level of expectation creates a foundation to engage with or a social licence risk if neglected. Creative and collaborative procurement strategies done well, provide a direct tool for developers to build social licence and share benefits with a host community.

Methods for achieving this are outlined below in section 4.b).

Having local staff and service providers from the host community builds local relationships with the project, as well as bringing direct and indirect financial benefits in the local economy. The people involved gain a deeper understanding of the project and are better able to act as conduits for information, and even champion the project. In addition, these people have knowledge of the local context and existing local networks, which can be socially and financially beneficial for the project. Using local workers and suppliers also reduces costs associated with travel and accommodation for development staff.

##### **Box 4.1: How local is local?**

For Tasmanians, local is often a very small geographic area compared to how other Australian's experience "local". The community consultation process that informed the development of this Guideline revealed many people felt that a 45-minute drive to the next major town was out of their local area.

It is important for project proponents to be clear about how they define local procurement in their communication and engagement strategies to avoid misunderstandings of what products and services are likely to be sourced from where.

It is recommended that a procurement strategy that prioritises local, then regional, then State and Australian content is developed, and which identifies which products and services are likely to be sourced from where.

## 4. b) Methods for local procurement

Developers and Engineering, Procurement and Construction (EPC) contractors are expected to work collaboratively with government, training organisations, the community and other developers to find ways to involve Tasmanian people and businesses. It is expected that a project is not delivered singularly on its own, but rather that each project represents an opportunity for further developing the Tasmanian renewables industry as a whole.

It is essential to be clear about the realistic number of local jobs, to break this down by project phase (eg, construction and operations) and to communicate the efforts that are being taken to increase local procurement as much as possible. This will enable people to prepare for opportunities while also managing expectations.

Methods for incorporating local procurement include:

1. Establishing local procurement policies for the company/project and considering inclusion of a target percentage of local spend in the project budget.
2. Prioritising and encouraging local contractors to apply for contracts/ jobs and employing local people through the life of the project where possible as a core corporate value.
3. Utilise the Tasmanian Renewable Supply Chain Directory to identify worker and business interest in the area where a project is planned. Encourage local people and businesses to add themselves to this directory to build its database.
4. Hold briefing sessions as early as possible (well before tenders are released) to help local businesses understand and prepare for upcoming opportunities. Directly brief local businesses that could provide direct (eg, earthworks, fencing, accommodation, printing, catering) and indirect (eg, cafes, restaurants, pubs, laundry, etc.) services so they know what to expect and how to plan. Early conversations with small and micro businesses in the local area (eg, fencing, cafes, bakeries) will be important to enable them to adapt to the changing context and should form part of a project's community engagement plan.
5. Hold briefing sessions on quotation and tendering requirements, including briefing on necessary qualifications and insurances. Work with regional economic development services to build capacity for business to participate. This can include developing a skills plan for a project to identify gaps and opportunities, or workshops on writing tender bids.
6. Clearly outline the relevant site access or safety tickets that will be required for local business to be able to participate and work with training organisations to ensure training opportunities are delivered with enough time to meet project delivery requirements.
7. Advertise locally for jobs and contracts when they become available.
8. Prioritise establishing local offices with local staff for project development, construction, and operations phases. Consider collaborating with other projects to achieve this.
9. During the operations phase, aim for a majority of jobs being local jobs. Employ and train local people for ongoing employment in community engagement/ liaison, maintenance, and operation roles.
10. Offer learning positions and support people to be able to take up trainee, apprenticeship, and graduate opportunities.

11. Developers should include local procurement and employment diversity requirements in EPC contracts.
12. Developers should consider setting targets for local content and the ability to split contracts where feasible to make it possible for small and medium businesses to apply.
13. Brief EPC contractors in the expected community engagement and communications practices. Ensure EPC contractors have (at least basic) skills in community engagement and communications and that they understand the importance of contributing to social licence. Introduce EPC contractors to key local people, businesses, and agencies.
14. Consider opportunities to work with other project developers in the region to coordinate the sequencing of construction so it is (ideally) staggered, creating a project pipeline or longer-term employment. Consider collaborating between projects to find opportunities that utilise Tasmanian businesses.
15. Engage early with training organisations to identify opportunities in the local area for upskilling people with transferable skills. This can often have shorter lead times and diversify the work opportunities for the individual/business into the future.
16. Actively engage with industry round table opportunities to stay abreast of emerging trends and opportunities in the Tasmanian context.

#### Case Study 4.1: Hire local people

Moree Solar Farm operated by Fotowatio Renewable Ventures (FRV) is a 56MW facility located 10km south of Moree in Northern New South Wales, which began generating in 2016. FRV helped to integrate the project into the local community with a high level of involvement and outreach by hiring a local community engagement officer.

Hiring a local person into this role not only created a local job, with flow-on value in the local economy, it also facilitated the effective implementation of other aspects of the local procurement and benefit sharing program through building local relationships and connections. Because this person was already local to the area, they brought with them local knowledge and networks.

This role began early in the project, just after the site was deemed feasible, and continued throughout the development and construction process.

Adapted from Lane, T. & Hicks, J. (2019). *A Guide to Benefit Sharing Options for Renewable Energy Projects*. Clean Energy Council, Melbourne.

#### 4. c) Timing of local procurement

Proactive and authentic community engagement regarding local procurement opportunities will need to be scheduled early into the planning of a project to ensure adequate time for people and businesses to adapt, transfer skills and build capacity to participate. This means beginning engagement on procurement opportunities in the planning phase of a project, ahead of the planning application. While the project is still uncertain at this point, this uncertainty can be managed through clear communication with stakeholders. Local procurement and procurement for social benefit should not be seen as a separate workflow executed at the time of requiring materials or services. It should form a critical part of a project's community engagement strategy and benefit sharing plans from the beginning.

## 4. d) Workforce Development

Strategic local procurement links directly with Tasmanian renewable energy workforce development. The growing renewable energy sector is creating an exciting opportunity for a range of new roles and projects in Tasmania which has the potential to go hand in hand with sharing the benefits of career development locally. To meet the growing need for skilled workers in the renewable energy sector, Skills Tasmania on behalf of the Tasmanian Government is implementing the \$16 million Energising Tasmania program which includes the following elements:

1. Tasmanian Energy and Infrastructure Workforce Advisory Committee: established to provide advice to the Tasmanian Government on the implementation of the Energising Tasmania commitment.
2. Energising Tasmania Training Fund: established for Endorsed Registered Training Organisations to deliver fully subsidised training for energy, infrastructure and related sectors.
3. Energy and Infrastructure Training Market Development Fund: established to support training system capability to meet the needs of energy and infrastructure sectors.
4. Energy and Infrastructure Workforce Development Fund: established to support workforce development key recommendations from relevant workforce development activity for energy and infrastructure sectors.

The Tasmanian Energy Industry Workforce Development Plan (Stage 1) outlines the diversity of roles that will be required for a growing renewable energy industry which is set out in Figure 1 below<sup>1</sup>

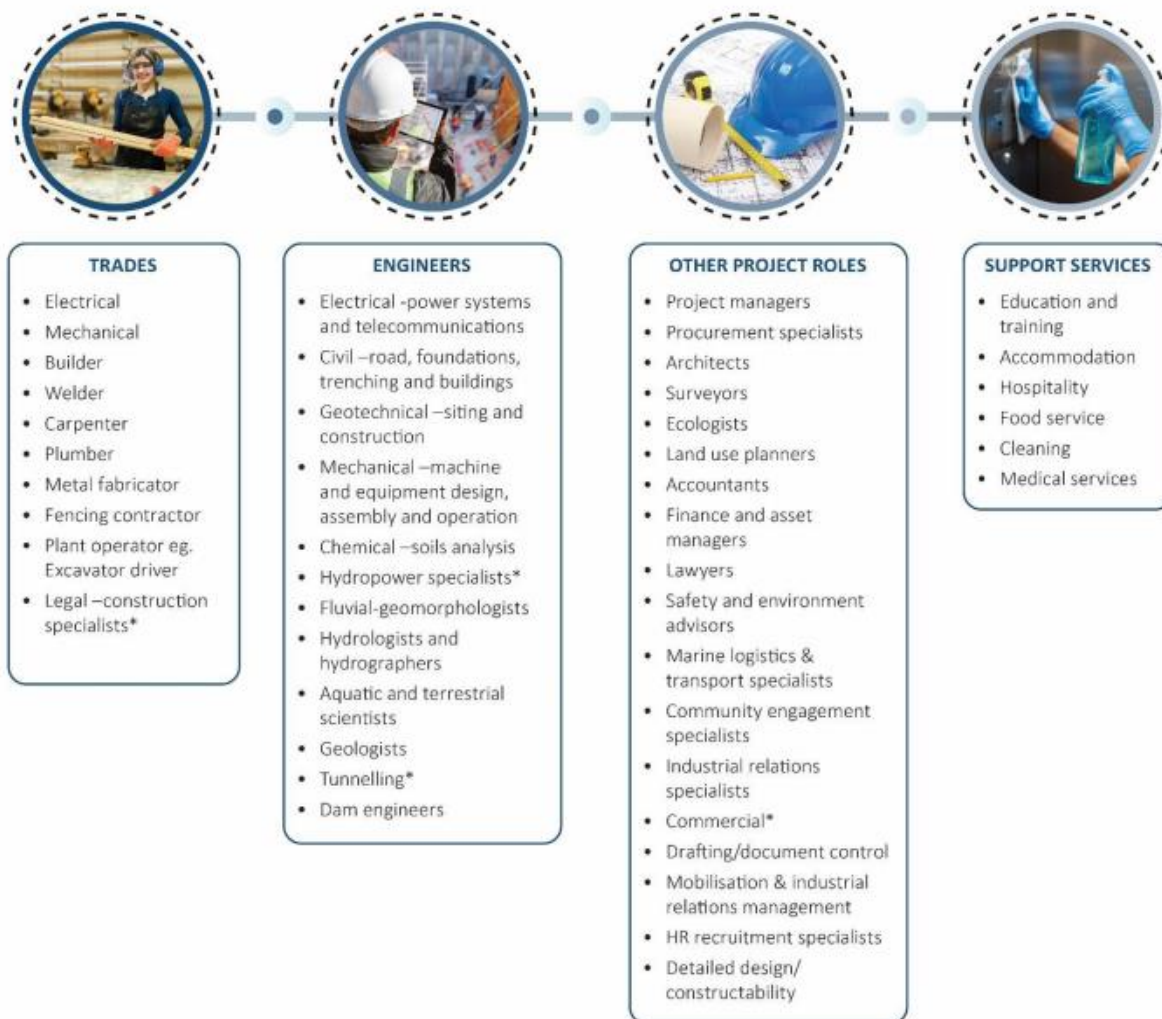


Figure 1 Roles for the renewable energy industry<sup>1</sup>

Industry can collaborate with community, government and training organisations to build the required workforce locally with Tasmania through the following measures<sup>2</sup>:

1. Annual reporting of jobs and skills employed within their organisations, new learning jobs made available and skills shortages that industry is facing. This helps tailor the workforce development efforts swiftly and appropriately to the right areas.
2. Investment in ongoing skills development particularly around emerging technologies required within the renewable energy sectors. This requires clear pathways to be established for career progression.

<sup>1</sup> Tasmanian Energy and Infrastructure Workforce Advisory Committee (2020), The Tasmanian Energy Industry Workforce Development Plan 2020-2027 (Stage1) December 2020. Tasmanian Government, Hobart.

<sup>2</sup> Tasmanian Energy and Infrastructure Workforce Advisory Committee (2020), The Tasmanian Energy Industry Workforce Development Plan 2020-2027 (Stage1) December 2020. Tasmanian Government, Hobart.



3. Contributing to and engaging with education and training package design. This needs to be industry driven with a focus on deliverable benefits to the industry and customers, with potential to share training resources and facilities.
4. Embracing and promoting diversity and inclusion in future training, employment and workforce strategies, particularly when sourcing local talent.
5. Creating an awareness of the industry as a new, exciting, and attractive employer through hiring practices and connection to education and training. Identify and promote strengths of the industry with respect to employment and opportunities through participation in career expos and other similar engagement opportunities.
6. Considerations can be made for talent development through sharing human resources, recruitment, apprentices, trainers and on the job training support with other projects.

#### 4. e) Social procurement

Social procurement refers to procurement strategies that endeavour to create social value that goes above and beyond the financial value assigned to the good or service being sought. It uses purchasing power as a means of generating positive social impact as a co-benefit.

When developing local procurement strategies for a renewable energy project, special consideration needs to be given on how to include social benefit to certain under-represented segments of the workforce such as people with disabilities, Aboriginal people, new migrants and women. Social procurement strategies prioritise and allocate resources to support those experiencing disadvantage and other barriers to participate. This may involve additional budget, or it may simply involve being open to working with new, smaller suppliers whose processes and ways of operating might be different.

Determining the needs of these segments of the workforce in any given community is best established through early community engagement and in collaboration with local service providers.

Some avenues for implementing social procurement are:

1. Purchasing from social enterprises.
2. Purchasing from Aboriginal and/or Traditional Owner enterprises.
3. Purchasing from Australian Disability Enterprises.
4. Recruitment opportunities that encourage and enable inclusion for diversity.
5. Adoption of gender targets in recruitment processes.
6. Creating job readiness opportunities for people in regions with entrenched disadvantage, as tailored to local context and need (eg this might involve running separate streams for women, or offering translation services).

#### 4. f) Local procurement in a REZ

Developing a number of large-scale infrastructure projects simultaneously within a region can create job opportunities which are welcomed by a community but they can also create competition and pressure on a limited labour force required by existing local industries (eg agricultural and construction). Delivering early and

authentic engagement with the community and collaboration with the Tasmanian Government and other developers operating in the region to balance these risks and opportunities is critical to navigating towards positive outcomes. Unlike developing a renewable energy project on its own, delivering a project within a renewable energy zone brings with it a strong need for industry collaboration.

Starting early and thinking strategically about local procurement creates opportunities to collaborate with other projects for sequencing developments. The staggering of developments will help to avoid a boom-and-bust situation for local economies and skill supply. Creating a pipeline of development work within Tasmania maximises the potential for local participation and also maximises the opportunity for ongoing meaningful employment.

The Tasmanian Government is committed to ensuring the widest possible participation of Tasmanian businesses in the growing renewable energy industry. As outlined in action 3.5 of the Tasmanian Renewable Energy Action Plan, which aims to maximise local Tasmanian business and employment opportunities for renewable energy projects, the Tasmanian Government will:

1. Establish a 'Tasmanian Renewable Supply Chain Directory';
2. Undertake a feasibility study into the potential for Tasmanian manufacturers to supply components for wind farms and other renewable energy projects;
3. Develop a 'Tasmanian Renewable Energy Local Content Charter';
4. Undertake a review of the effectiveness of the Government's current 'Buy Local' policies being implemented by Government-owned energy businesses; and
5. Develop a Local Content section on the ReCFIT website.

The Framework further outlines the importance for coordination of the large-scale renewables roll out and the need for a REZ based Renewables Coordinator (See Action 1.2 in the Framework; this role was appointed to ReCFIT on 22 June 2022) to liaise between industry, community, and government in an effort to ensure efficient processes and procedures, and to avoid duplication of efforts.

#### 4. g) Tasmanian Industry Participation Plan

The Tasmanian Government is committed to ensuring that, where possible, expenditure by Government agencies on goods and services provides a corresponding benefit to the Tasmanian community. The Tasmanian Government's Buy Local Policy<sup>3</sup> aims to raise awareness and improve access to Government contracts for Tasmanian small and medium enterprises (SME). One strategy of the policy that effects the renewable energy sector is the requirement to produce a Tasmanian Industry Participation Plan ('the Plan').

The purpose of the Plan is to assist in the development of Tasmanian SME industry and ensure that those SMEs are provided with every opportunity to participate in both Government procurement activity and in major private projects, funded partly by Government.

Proponents of private sector projects valued at over \$5 million that receive support, including in-kind support, valued at or greater than \$500,000 from the Government, are required to work with agencies to develop a Tasmanian Industry Participation Plan.

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<sup>3</sup> Department of Treasury and Finance (2021) [Buy Local Policy Version 7 December 2021](#), Tasmanian Government, Hobart.



## 4. h) Housing considerations

Tasmania is experiencing a housing shortage (with social housing and rental housing in particular under significant pressure) which has a broad impact on communities and people's day to day lives. This is likely to be a current issue in the communities hosting renewable energy projects.

The housing needs for workers during peak construction times for large projects can be significant if workers are being brought in from other parts of Tasmania or from interstate. At worst, this can result in displacing other Tasmanians (who might be valued long-term members of a community) currently facing housing scarcity. Employing local staff will reduce the number of interstate and international workers that will be needed for a project and thus reduce local housing pressures. It also reduces the amount of resources needing to be spent on 'living away from home allowance' for workers that are brought into an area which can be a cost saving to a project.

There are however a number of roles that will not be able to be sourced locally and workers will need accommodation for the duration of their roles (commonly throughout the construction period). Typically, these workers may have been housed in temporary accommodation (relocatable homes) in close proximity to the project site / neighbouring towns or rental accommodation is sought by the employer on behalf of the workers. Ideally proponents would add to the housing stock in the area so that the project's impact does not drive-up rents, leaving it difficult for locals to compete for accommodation.

This investment in accommodation provides a unique opportunity to work creatively and collaboratively with the Tasmanian Government and Social Housing Providers to co-invest in new housing stock that meets the needs of a renewable energy project in the short term and then becomes available as housing for Tasmanians in the long term. Thought should be given to the ability to repurpose temporary housing in particular into other purposes like aged care facilities that could be highly valued by the community after the project construction phase is complete.

For more information on local procurement see:

- Department of Treasury and Finance (2021) [\*Tasmanian Procurement Better Practice Guidelines \(Principles and Policies\)\*](#). Tasmanian Government, Hobart.
- Tasmanian Energy and Infrastructure Workforce Advisory Committee (2020), [\*The Tasmanian Energy Industry Workforce Development Plan 2020-2027 \(Stage1\) December 2020\*](#). Tasmanian Government, Hobart.
- Department of Treasury and Finance (2021) [\*Buy Local Policy Version 7 December 2021\*](#). Tasmanian Government, Hobart.
- International Finance Corporation (2011) [\*A Guide to Getting Started in Local Procurement: For companies seeking the benefits of linkages with local SMEs\*](#). World Bank, Washington.
- Clean Energy Council, *Clean Energy Careers Guide*, [www.cleanenergycouncil.org.au/advocacy-initiatives/workforce-development/careers-guide](http://www.cleanenergycouncil.org.au/advocacy-initiatives/workforce-development/careers-guide)



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