



AUSTRALIAN
INDUSTRY
GREENHOUSE
NETWORK

3 February 2023

National Reconstruction Fund Taskforce
Department of Industry, Science, and Resources
GPO Box 2013
Canberra ACT 2600
<https://consult.industry.gov.au/national-reconstruction-fund>

Dear Minister

Comments on the *National Reconstruction Fund* consultation paper 2022

AIGN welcomes the opportunity to provide a brief submission to the Department of Industry, Science, and Resources on the National Reconstruction Fund (NRF).

About the Australian Industry Greenhouse Network (AIGN)

AIGN is a network of industry associations and individual businesses. Our focus is on collaborative discussions on key climate change issues, providing a forum for information sharing and analysis. AIGN is a unique community of highly experienced professionals, which bring together their collective knowledge and expertise in international, national, and local climate policy.

In considering AIGN's written submission and other contributions to this conversation, please be aware of AIGN's broad membership base; and note that these responses represent our long-held climate change policy principles. AIGN does not speak directly for its members or the industry sectors that they represent.

This submission outlines high-level principles to provide strategic direction, however, AIGN's members are best placed to provide industry and region-specific feedback given their long experience in working in remote and regional areas in Australia.

Pathway for transition

The Government's Powering Australia Plan outlines its commitment of \$15 billion in the 2022-23 Budget to establish the National Reconstruction Fund, including up to \$3 billion for the Powering Australia plan.

The Government is seeking detailed input to inform the further definition of the identified priority areas of: renewables & low emissions technologies; medical science; transport; value-add in agriculture, forestry and fisheries; value-add in resources; defence capability; and enabling capabilities. The Consultation paper states that:

The NRF will target projects and investments that help Australia capture new, high-value market opportunities to help our businesses grow and succeed in the economy of today and tomorrow. Investments will help drive economic growth in the regions to ensure a wide range of Australians see tangible benefits.

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Scale of Ambition

The NRF will be a critical element of the broader climate change policy package, particularly in the context of the ambition of the safeguard mechanism reforms and the inherent trade competitiveness challenges for the Australian industry.

The scale of ambition required to meet the net-zero target by 2050 or sooner is substantial. AIGN members are among those focused on transitioning to a new way of doing business, of decoupling economic growth from emissions growth and finding opportunities in decarbonisation pathways.

When designing policy to raise ambition and reach net-zero by 2050, it is important that the policy suite is capable of reflecting the different ways decarbonisation activity looks in different industries and, indeed, in different entities and/or facilities.

Designing a policy framework that is underpinned by commensurate funding that recognises the scale of the industrial transformation required has the once-in-a-generation opportunity to deliver Australia's emissions reduction targets and establish Australian industry at the forefront of the global net-zero economy.

Australia's Competitive Advantage

There is a significant opportunity to build capacity and unlock the skills necessary to drive a net zero economy. Establishing a well-designed fund to diversify and transform Australia's industry and economy can underpin this transformation.

However, technology development and its subsequent deployment are non-linear. New technology is not typically integrated with smooth year-on-year increments, but rather requires substantive capital investment, complex engineering, and approvals. As such the NRF should:

- Recognise the significant scale, cost, and complexity of the transformation required and be appropriately resourced to drive this growth in a net zero global economy.
- Keep pace (as a minimum) with Australia's competitors, many countries are more ambitiously targeting capital in these areas.
- Support and leverage the existing industry base in Australia, including broadening the definition of critical minerals (noting that other major economies have adopted broader definitions).
- Adopt innovative commercial models such as co-investment, guarantees, equity, etc. to drive growth and unlock private capital – noting that a one size fits all approach is unlikely to deliver the best outcomes.
- Continue and deepen Australia's global research capabilities and implement opportunities to value-add through the supply chain.

Australia has been a destination for the manufacturing industry for many years, largely because of our competitive advantages in natural resources and affordable energy.

Our natural resources advantage remains to us. If harnessed with a strong and coherent vision and good policy settings, Australia has the potential to be an attractive investment destination, meeting our emissions reduction goals while nurturing a thriving economy and ensuring the security and reliability of our energy supply.



AIGN welcomes the opportunity for ongoing consultation in the development of this policy.

Regards,

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AIGN Membership

Associations	Energy	Mining and Manufacturing
Ai Group AIP APPEA Australian Aluminium Council Cement Industry Federation Low Emission Technology Australia Minerals Council of Australia	Ampol Beach BP Chevron Inpex Origin Santos Shell Viva Woodside	Alcoa BHP BlueScope CSR Glencore IncitecPivot Newcrest RioTinto Wilmar