



AUSTRALIAN  
INDUSTRY  
GREENHOUSE  
NETWORK

3 February 2023

Powering the Regions Fund  
Department of Climate Change, Energy, the Environment and Water  
<https://consult.dcceew.gov.au/powering-the-regions-fund>  
[PRF@DCCEEW.gov.au](mailto:PRF@DCCEEW.gov.au)

Dear Minister

### **Comments on the *Powering the Regions Fund* consultation update**

AIGN welcomes the opportunity to provide a brief submission to the Department of Climate Change, Energy, the Environment and Water on the Powering the Regions Fund (PRF).

### **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.

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. As such, AIGN does not speak directly for its members or the industry sectors that they represent.

### **Pathway for transition**

The \$1.9 billion Powering the Regions Fund (PRF) forms part of Powering Australia, the Government's plan for Australia to become a renewable energy superpower and meet its emission reduction targets. The PRF will provide funding to help in the transition towards net zero emissions by focusing on four key areas:

1. Decarbonising Existing Industries
2. Developing New Clean Energy Industries
3. Workforce Development
4. Purchasing Carbon Credits:

The Government is seeking detailed feedback on how the PRF can be designed to support existing efforts to decarbonise, develop new clean energy industries and support workforces in Regional Australia.

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## Scale of Ambition

The PRF 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 PRF should:

- Keep pace (as a minimum) with Australia's competitors, many countries are more ambitiously targeting capital in these areas.
- 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. The overall funding for this program is unlikely to be sufficient.
- Support and leverage the existing industry base in Australia (noting their many regional facilities and industrial hubs).
- Continue and deepen Australia's global research capabilities and implement opportunities to value-add through the supply chain.
- Focus on the safeguard transformation stream as a priority as it includes industries that: face an immediate liability under the Safeguard Mechanism; are in the hard-to-abate sector; are trade exposed.
- Recognise and appropriately address trade-exposed industries to ensure Australian industries remain internationally competitive and prevent carbon leakage while meeting the emission reduction goals of the Safeguard Mechanism reforms. The proposed \$600 million appears insufficient.



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,

**S.J. Smith**

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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