



CLIMATE ENERGY FINANCE

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FORUM

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POST MYEFO, THERE IS NO TIME TO WASTE TO STEP UP THE ENERGY TRANSITION INVESTMENT PHASE

The members of the [Climate Capital Forum](#) including [Climate Energy Finance](#) and [Smart Energy Council](#) welcome news from the Treasurer and Finance Minister that their 2023-24 [mid-year economic and fiscal outlook](#) (MYEFO) for the Australian economy shows a much stronger and healthier position than originally expected, with a deficit of just \$1bn forecast for 2023/24, after Labor's fiscal discipline has delivered Australia a [stunning surplus of \\$22bn](#) in 2022/23, the first in a decade, a massive turnaround vs the \$78bn deficit inherited from the previous government. The Albanese government has rightly made cost of living relief and new housing affordability its top priorities, while reducing June 2024 net debt to a forecast \$491bn.

Post the May 2023 budget's \$40bn allocation, the government has announced another \$3bn of funding for the transition to becoming a renewable energy superpower. This includes new funding for:

- \$2.5bn for supporting the development of the Critical Minerals Strategy: \$2bn of which is the doubling to \$4bn for the Critical Minerals Strategy that Prime Minister Anthony Albanese announced alongside US President Joe Biden; and \$500m is additional funding for the Northern Australia Infrastructure Facility (NAIF).
- \$5m for capacity building in the Battery Supply Chain and Research Working Group to work with the United States Government on battery supply chains, battery manufacturing capabilities and battery technology research and development.
- \$359m over four years to unlock cleaner, cheaper and more reliable energy, as a critical enabler of future clean industries and broader decarbonisation, including the recently announced fourfold expansion of the [Capacity Investment Scheme](#) to 32 gigawatts (GW) of storage and renewables infrastructure, a key enabling policy to deliver on the Albanese Government's ambitious 82% renewables by 2030.
- \$82m for improved and standardised climate-related financial disclosures.
- A still pitifully small \$50m contribution at COP28 to the UNFCCC Green Climate Fund and a \$100m funding into the Pacific Resilience Facility (PRF) to support climate and disaster resilience, plus \$95m into *Invested: Australia's SE Asia Economic Strategy to 2040* to enhance Australian business links, trade and internships.

- \$5m to develop an Agriculture and Land Sector Plan to help farmers target net zero and \$10m to ABARE for forestry data and analysis.

The Climate Capital Forum (CCF) notes the increasingly ambitious statements of strategic intent of the Albanese government over 2023, including the Australia-US Climate, Critical Minerals & Clean Energy [Compact](#); developing a value-adding [critical minerals](#) strategy; improving financial market transparency and credibility by strengthened capacity to assess climate-related financial risks re the [sustainable finance taxonomy](#); building an ambitious, but uniquely [Australian response](#) to the US IRA; partnering with the states; and tax reform to level the playing field for Australian firms, by making [multinationals pay some tax here](#).

The CCF acknowledges the value of the Treasurer Jim Chalmer's [Investor Roundtable](#) focussed on modernising our economy and maximising our advantages by creating the right policy framework to crowd-in the unique strengths of our world leading private pension capital base of \$3.5 trillion. We also acknowledge the key leadership roles of the sector pathways to be articulated and mapped out by Greg Combet and the [Net Zero Authority](#), and Martijn Wilder and the \$15bn [National Reconstruction Fund](#) (NRF).

Acknowledging all this necessary capacity rebuilding, Climate Capital Forum believes that incremental funding of another \$3bn in MYEFO does not come slightly near the scale and speed of investment and policy ambition that Australia needs today. Attracting international investment at scale comes from confidence in the ambition of our government's policies. There needs to be far stronger signal to global capital markets that Australia is the place for sound renewable energy powered investment opportunities of world scale. Australia should play a world leading role in partnering and collaborating with our key trade partners to help drive the pivot to a net zero emissions global economy, in alignment with the climate science.

Bizarrely, we note that far from increasing the petroleum resource rent tax (PRRT), the MYEFO shows a \$750m or 27% reduction in contribution in 2023/24 from \$2.75bn to \$2.0bn. At a time the multinational cartel booked \$240bn of fossil fuel exports and made an estimated \$150bn gross profit, the Treasurer should be demanding a bigger PRRT royalty take to offset some of the energy poverty they have collectively inflicted on 26 million Australians, using our own resources for their private, largely tax-haven based gains. A Federal LNG 4% of revenue is pitiful - the Queensland coal export industry pays a progressively scaled 3-5 times that, and even NSW Premier Minns will eventually boost our royalty sales share from 8% to 10-11% from July 2024 (ie. after the horse has bolted!).

Blair Palese, Founder, Climate Capital Forum, said: "The Treasurer Jim Chalmers and Finance Minister Katy Gallagher have established their economic management credentials and created real breathing space. We're looking for the government to now double down and identify how these MYEFO savings can now be best utilised in the May 2024 budget to ensure the vision of being a renewable energy superpower is delivered."

“What more credentials does the government need to get on with this mammoth job after the previous wasted decade of inaction? The clock is ticking. We have had two consecutive quarters of wage growth, the unemployment figure has come down, and there’s been a massive 600,000 growth in new jobs under this government. Let’s get the investment train moving even faster, and more strategically!”

Tim Buckley, Director Climate Energy Finance, said: “The MYEFO statement shows that the Australian budget position is one of rude financial health, an unprecedented turnaround from a forecast \$78bn deficit to now a very probable second surplus in the Albanese government’s first two years. This puts us in the box seat to invest another \$100bn of public capital to crowd in \$200-400bn of the private capital needed to prepare Australia for the massive investment, employment and export opportunities ahead.”

“The \$4bn critical minerals facility, the \$1.9bn Powering the Regions fund, the \$15bn NRF, the \$2bn Hydrogen Headstart and \$20bn Rewiring the Nation and now the fourfold boost to the Capacity Investment Scheme are all really good first steps, directionally right for the first time in a decade. But if I was writing our end of year report, it would say “Must try harder, urgency and ambition is required!” We need to go three times as big in May 2024!”

“Setting up a new \$20bn public interest equity account in the Future Fund would expand the suite of offers of government-backed mechanisms for blended financing. Providing higher-risk patient public capital would de-risk strategic opportunities such as developing operations that value add to critical minerals, here in Australia to export embodied decarbonisation.”

“And [cap the diesel fuel rebate](#) at \$50m per corporation per year and add this extra \$14bn by 2030 into a special fund in the NRF to turn this massive fossil fuel subsidy from a headwind against change to a tailwind driving mining sector electrification and decarbonisation.”

Leigh Heaney, Government Relations Manager, Smart Energy Council, said: “The Climate Capital Forum is ready to support the government with the best advice on developing policies to support our shared aims of Australia becoming a renewable energy superpower. Our group is a broad cross-section from the investment, decarbonising, and philanthropy sectors as well as climate finance experts and NGOs. We have access to expert knowledge and wide experience both here and internationally.”

“Let’s use the impetus of the 2023 Budget and the MYEFO, the funds that have been recouped, and expand these recent policy and funding announcements develop what’s next in our vital drive to address the energy transition. Lets scale up our ambition in May 2024, boost Australian advanced manufacturing capacity and help diversify global supply chains.”

Recent announcements from the government include:

- The [Capacity Investment Scheme](#) re-boot shows vision and a commitment to support investment and crowd-in funding for projects with state governments. Other programs

such as the [Rewiring the Nation](#), the [Powering the Regions](#) fund and the [\\$4bn for critical minerals](#).

- The [National Reconstruction Fund](#) is open for applications with work under way on the [six new sectoral plans](#) to guide priorities. Initial work has identified priority areas for focus, including green metals; green hydrogen and derivative products like ammonia; critical minerals; and storage and generation technologies such as batteries.

Ends

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