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'FUTURE MADE IN AUSTRALIA ACT' TO PUT AUSTRALIA IN GLOBAL CLEANTECH RACE

Tim Buckley and AM Jonson, [Climate Energy Finance](#)

Prime Minister Anthony Albanese today announces the [Future Made in Australia Act](#), designed to deliver a uniquely Australian Response to the US Inflation Reduction Act (IRA) – which is turbocharging renewables, cleantech and reindustrialisation in the US as it drives massive private capital investment – and comparable initiatives across other major economies.

The Act will bring together a co-ordinated and comprehensive package of new and existing decarbonisation initiatives to seize the opportunities of a future made in Australia. It promises massive new investment, regional employment and net export opportunities, leveraging and value-adding our world-leading natural resources, both renewables and mining, as well as our expertise, geographic position in Asia and financial strengths.

It has the makings of the foundation for our future as a zero-emissions trade and investment leader and global clean energy superpower, as we inevitably pivot from our historic dependence on carbon exports.

PM Albanese says that in the forthcoming Budget, the government will be bold and invest “at scale” to capitalise at speed on Australia’s comparative advantages and build sovereign capability in areas of national interest key to both a prosperous economic future and national security, including critical minerals and resources. In the questions following his landmark announcement today the PM cited battery manufacturing as one of those opportunities.

This can’t come soon enough and makes sound economic sense – we are the world’s leading producer, for example, of lithium, which is essential to batteries, along with other critical minerals and metals, but we need to value-add to these onshore to extract the economic dividends for Australians.

This Act builds on the government’s existing work on embracing clean energy, bolstering our skilled workforce, and creating new instrumentalities critical to the economic transition to zero-emissions, such as the National Reconstruction Fund and the Net Zero Economy Authority.

This PM indicates the Federal Government will work on public-private collaboration, leveraging the firepower of our federal public balance sheet and budget to de-risk investments and 'crowd-in' private capital, including our world leading \$3.6 trillion superannuation pool, to drive decarbonisation opportunities.

To capitalise on the advantages of our strongly export-oriented economy and our excellent relationships with our partners in an increasingly complex and dynamic global geopolitical context, the Government's 'Future Made in Australia' is focused on collaborating with our greater Asian trade partners.

Strategic partnerships can enable us to "embody decarbonisation" of our critical minerals and strategic metals in our exports – ie., to power processing and manufacturing of our world-leading resources onshore pre-export with our superabundant clean energy, adding value and making things here before we ship, securing our domestic value- and supply chains.

The Government has acknowledged the need for better understanding and tools to determine how Australia encourages and develops an international green premium price signal for trade in decarbonised products. Carbon tariffs such as an Asian Carbon Border Adjustment Mechanism (CBAM) are a key longer term geopolitical priority that will play to Australia's advantages in renewables-powered processing and manufacturing, for example, our potential to dominate globally in green iron, as the world's number one producer of iron ore.

The Prime Minister talks about a uniquely Australian response aligned to our economic characteristics: "27% of our economic output depends on trade. And so do 1 in 4 Australian jobs." Climate Energy Finance agrees entirely: this is the Asian century, and Australia is perfectly positioned as a key trading nation in the Asian region to leverage this with a strategic national interest focussed response that is bold and ambitious.

Albanese's vision is to build on our existing strengths – and critically, also look beyond them. This is a point many old-school economists have so far failed to grasp: relying on traditional competitive advantage logic misses that the transition to net zero is a US\$4-6 trillion annual investment opportunity globally for the next couple of decades, as both the International Energy Agency and BloombergNEF have asserted – and one in which every major economy has invested massive national interest public capital.

This changes the global energy and geopolitical landscape, profoundly and permanently. Covid and Putin both highlighted the national security imperative to rebuild sovereign capacities. Effective and diversified global supply chains are also a pre-requisite to efficient world trade.

Australia can't rely on the traditional notion of free markets in international trade and competition. The US\$1 trillion of public subsidises in the US IRA changes everything. China's

breathtaking scale and ambition of investment in manufacturing, technology, domestic deployments and exports in all zero-emissions industries of the future changes everything.

The Koreans, Japanese, EU, Indian and Canadian governments have all responded at scale to the massive once in a century challenge and opportunity of global decarbonisation with huge strategic public funding programs.

We strongly support the Federal Government’s view that state intervention *is* the new competition. We can’t afford to ‘sit it out’. The ‘Future Made In Australia Act’ puts Australia into the global race already underway. Public capital is the investment signal and de-risking that private capital needs to flood into domestic zero-emissions economic opportunities.

PM Albanese’s speech announcing the Act is ambitious and visionary. It sets Treasurer Chalmers’ May 2024 budget up for the speed and scale of investment needed to position Australia in the global net zero economy, a definitive start that can be built on over the next 10 years – the critical decade for both addressing the climate challenge and positioning Australia to reap the unprecedented employment, investment, trade and geostrategic benefits of the new economic world order as the globe decarbonises.

Many of the building blocks have been established over the last 18 months, with the Net Zero Climate Act, the \$15bn National Reconstruction Fund, the Safeguard Mechanism putting a ratcheting up price on carbon, the 32GW Capacity Investment Scheme which is boosting investment in large scale clean energy infrastructure, the \$4bn Critical Minerals Facility, \$1.9bn Repowering the Regions Fund, the \$20bn Rewiring the Nation Fund and rebuilding of TAFE and National Skills agreement to provide the critically needed workforce of our future economy.

What has been lacking in an overarching framework drawing together Australia’s patchwork of transition initiatives. Critically, the Net Zero Economy Authority will now provide the central coordination and industry sector roadmaps to ensure the Future Made in Australia strategy is coherently implemented. It is the realisation of the critical need Treasurer Chalmers has identified for a ‘concierge’ or single front door to the policy architecture of our decarbonised future.

We look forward to the government delivering a whole of government approach to the greatest single opportunity for our national economic development in living memory, strengthening Federal-State-Local government coordination, and fast tracking evaluation and approvals of clean energy and manufacturing infrastructure, catalysing both domestic private and foreign investment by strategic partners globally into Australia to accelerate our transition, so all Australians can reap the benefits of the historic economic transformation that defines the modern era.

We await further details and capital allocations in the May Federal Budget.

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