

Trump has left the door open on clean energy



BLAIR PALESE

Australia faces a unique, time-sensitive economic opportunity. Treasurer Jim Chalmers has rightly put productivity at the heart of Australia's economic agenda, outlining key pillars to create a dynamic, resilient and future-ready economy. But events in the US have dramatically expanded Australia's potential economic opportunities.

Donald Trump recently passed his "One Big Beautiful Bill" reversing the Biden administration's Inflation Reduction Act – also known as the climate bill – significantly cutting US government support for clean-energy projects. Overnight, billions of dollars of global clean-tech capital seeking stable markets found itself adrift. Investors and global businesses now urgently need new locations to confidently allocate resources previously destined for the US.

Australia is perfectly positioned to step into the void. We have abundant renewable resources, a growing number of clean-tech innovators and substantial policy mechanisms already committed. But we will need to move swiftly and strategically to benefit. Our productivity and economic future hinges on it.

The Climate Capital Forum is a network of investors, decarbonising companies, climate finance experts and philanthropists working to accelerate Australia's clean energy transition. Last week we spent two energetic days at Parliament House – moving between back-to-back meetings with Treasury, the Department of Climate Change, the Department of Industry, ministerial offices, and MPs and senators from across the political spectrum. As a group deeply engaged in the future of Australia's economy, we were there to share 10 targeted, productivity-focused policy ideas drawn from our collective experience in investment, innovation, and industrial transformation. Here is what we need to do.

1. Mobilise stalled capital

Australia already has committed funds through the National Reconstruction Fund (NRF), Clean Energy Finance Corporation (CEFC), and ARENA (the Australian Renewable Energy Agency). Yet less than 5 per cent of the NRF's \$15bn allocation has been deployed. Streamlining these programs – implementing simplified, one-round application models – could rapidly unlock this idle capital. Mandating the use of Australia's sustainable finance taxonomy could further build confidence among investors urgently looking to reallocate from the US. Clear processes and timely funding releases will directly boost productivity by accelerating clean-energy infrastructure development and private-sector confidence.

We also need targeted support for early-stage clean-tech to unlock Australia's innovation pipeline. Without it, too many great ideas fail to move beyond the lab. We propose a 10-year, \$100m federal initiative modelled on successful US programs that provided catalytic grants to clean-tech start-ups.

These grants would support key stages of development from concept to prototype testing,

bridging the "valley of death" that too often stalls Australian innovation. Importantly, this model removes the need for matched private capital, increasing access for diverse founders and enabling broader participation in the clean-tech economy. The goal is not just more start-ups – but faster commercialisation, stronger local supply chains, and long-term investor confidence. In a global race shaped by strategic subsidies in the US, China and Europe, Australia must reduce structural barriers to innovation and provide certainty for local clean-tech entrepreneurs.

2. Deliver strategic industrial reform for competitiveness

The global shift away from fossil fuels creates opportunities in green manufacturing. Australia can capitalise by expanding the Future Made in Australia (FMIA) production tax credits explicitly to include green iron. This will help Australia compete internationally, particularly as uncertainty increases in global markets due to Trump's policy reversals. Reforming superannuation performance tests to incorporate climate risk, and phasing out outdated subsidies like the fuel tax credit scheme, can further direct investment towards future-oriented industries, increasing national productivity and securing Australia's competitive edge.

3. Invest government funds in infrastructure, human capital

Our clean-energy future depends not only on physical infrastructure but also on a robust, skilled workforce. Yet Australia currently faces severe shortages in electricians, technicians and engineers. Accelerating apprenticeship programs, retraining mechanics for EV maintenance, and systematically addressing structural employment barriers will dramatically enhance workforce productivity. Moreover, investing in common-user infrastructure and supporting models of community co-ownership and discounted electricity pricing for host communities can reduce social resistance and accelerate project delivery.

Our Ten Ideas to Grow Australia's Productivity includes additional recommendations such as superannuation reform, nature law reform and local content requirements for government funding to ensure communities benefit. All of these and more should be considered to ensure Australia can respond quickly to the economic opportunity in the global decarbonising market.

Critics argue this might impose unnecessary costs, yet the Trump administration's rollback clearly illustrates the greater risk lies in doing nothing. The US decision to withdraw from clean-energy support is expected to raise household energy costs significantly. Australia's timely embrace of these productivity-enhancing reforms will instead lower long-term energy costs, improve economic resilience, and drive sustainable prosperity.

Productivity is indeed the right focus for Chalmers as the potential transformer of Australia's future economic growth. Trump's retreat provides an unprecedented geopolitical and economic opening. The time to act decisively is now. If we grasp this moment, Australia will not only boost productivity but firmly position itself as a global clean-energy powerhouse.

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