

## **NRF Net Zero Fund: Proposed design**

Submission of The Australian Workers' Union

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## Introduction

The Australian Workers' Union (AWU) is one of Australia's largest and most diverse unions. We represent nearly 78,000 workers across the length of the country and the breadth of the economy. Our membership includes tens of thousands of workers in the manufacturing sector. These members work in every industry identified as a subset of Australia's 'green exports superpower' program,<sup>1</sup> and in emissions-intensive sites facing an uncertain future amid the energy transition. In many instances – metal smelting, liquid fuels, hydrogen and more – those high-potential and high-risk facilities are one and the same.

The AWU is thus a prominent advocate for, and a key stakeholder in, the Commonwealth's industry policy agenda, including its manufacturing decarbonisation and green exports support measures. We share the government's ambition for a reinvigorated manufacturing sector that can preserve and create tens of thousands of quality jobs, boost sovereign capability, and assist both Australia and its trade partners to decarbonise.

Our support has extended to the \$15 billion National Reconstruction Fund (NRF). When the NRF was first proposed by now-Prime Minister Albanese, we labelled it "*a huge step to help rebuild Australia's manufacturing industry*".<sup>2</sup> We have provided consistent support for the fund, as well as regular contributions to policymaking concerning it and other Specialist Investment Vehicles (SIVs), since the Albanese Government came to office.

Given this close and consistent engagement, we are aware that the NRF has now been formally in operation for over two years<sup>3</sup> (and as a concept, it is now approaching its fifth birthday<sup>4</sup>). We are also aware that its output to date has been less than prolific. Since opening its doors, the fund has announced 12 investments at a cumulative value of \$709.5 million.<sup>5</sup> The NRF's average output since its establishment is thus one investment of around \$57 million made every two months. At the current rate and scale, it should expect to have provided investments equivalent to its foundational allocation by around 2067.

Such a go-slow approach is not consistent with the green industrial gold rush supported by many foreign governments and investors, seeking to claim their

place in tomorrow's economy, seen over recent years. It is equally out of step with the pressing nature of Australia's medium-term emissions abatement goals. And even assuming all NRF investments are of impeccable quality, it is unlikely to meaningfully shift the dial in our manufacturing sector - which, for all its neglect from policymakers over recent decades, remains a \$135 billion proposition.<sup>6</sup>

Converse to the NRF's decidedly modest record is the frequency with which government has sought to highlight the fund in messaging relating to industry, energy policy and similar. We count 477 separate occasions where the Commonwealth's principal industry Minister or the Prime Minister has referred to the NRF to news media, in a public address or in parliament to date.<sup>7</sup> That figure does not include other communications channels, nor any of the many other Ministers and senior officials with an interest in the NRF.

The AWU is also conscious that the NRF, in its now former guise, had already ring-fenced significant monies for low emissions manufacturing. This included a guaranteed \$3 billion, under the 'Powering Australia' tranche, for "*investing in green metals, steel, alumina, aluminium; clean energy component manufacturing; hydrogen electrolyzers and fuel switching; agricultural methane reduction and waste reduction,*" and a further \$3 billion for the fund's wider value-adding in resources, 'critical technologies' and 'advanced manufacturing' sub-funds.<sup>8</sup> Three quarters of NRF funds reserved for a specific purpose had been explicitly or potentially allocated to low emissions manufacturing.<sup>9</sup>

This combination of minimal investment activity, an existing commitment to low emissions manufacturing, and a disproportionate role in government communications engenders a scepticism around the announcement of the Net Zero Fund. It is tempting to see this purportedly new sub-fund as mere administrative shuffling, when government should be focusing on having the fund invest at a pace and scale that matches the rhetoric.

This is not to say that elements of the Net Zero Fund's proposed design are not welcome. Most obviously, a guaranteed allocation of \$5 billion under the fund exceeds the \$3 billion assured under 'Powering Australia' - better reflecting low emissions manufacturing's unique potential and importance to Australia. The Net Zero Fund's conception of such activities also appears broader, encompassing

both decarbonisation of existing major facilities and the production of renewable and low emissions technologies. This accords with the AWU's view that industrial decarbonisation must support vulnerable workers today, as well as creating the green industries of tomorrow.

The new sub-fund might also entice the NRF to sharpen its focus on low emissions manufacturing. None of its 12 investments announced to date have been classified as part of the 'Powering Australia' tranche (though three in the 'value-add in resources' tranche relate exclusively or partly to critical minerals).<sup>10</sup>

As with all state support for industrial decarbonisation, attaching clear, robust and enforceable 'community benefit rules' to investments made under the Net Zero Fund is a must. These are essential to ensure that workers, local supply chains and host communities benefit from the billions in public money to be invested through the NRF. The AWU's full position on the importance and potential substance of such rules is explored in **Attachment A** (pp. 2-8).

We note also that the NRF and other SIVs present an increasingly large, overlapping and confusing patchwork. Potential recipients, workers, and government itself would benefit from a single authority taking an overarching coordination and engagement role. The Net Zero Economy Authority is best placed to assume such a role – as we outline in **Attachment B** (pp. 11-13).

But above all, we emphasise that the NRF must not become the National Repetition Fund, nor the National Reannouncements Fund. Actual reconstruction of our manufacturing sector, particularly to meet the opportunities and risks of the energy transition, is a generational challenge. It cannot be achieved through rhetoric alone, nor via administrative tweaks to the NRF and other SIVs. Rather, it demands large-scale investment and further state support – well-calibrated and appropriately targeted, but at genuine pace and scale.

Our manufacturing workforce requires it. Our shared vision compels it. Our national interest demands it.

Now let's get moving.

## References

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<sup>1</sup> Treasury (2024), '*Future Made in Australia: National Interest Framework*', pp. 15-29. Available at: <https://treasury.gov.au/sites/default/files/2024-05/p2024-526942-fmia-nif.pdf>

<sup>2</sup> Australian Workers' Union (2021), '*Big wins for workers at Labor National Conference*'. Available at: <https://awu.net.au/national/news/2021/04/14158/awu-spurs-big-wins-at-alp-national-conference/>

<sup>3</sup> Department of Finance (2025), '*National Reconstruction Fund Corporation*'. Available at: <https://www.finance.gov.au/government/specialist-investment-vehicles/national-reconstruction-fund-corporation>

<sup>4</sup> Australian Workers' Union (2021), '*Big wins for workers at Labor National Conference*'. Available at: <https://awu.net.au/national/news/2021/04/14158/awu-spurs-big-wins-at-alp-national-conference/>

<sup>5</sup> National Reconstruction Fund Corporation (2025), '*Our investments*'. Available at: <https://www.nrf.gov.au/our-investments>

<sup>6</sup> Australian Bureau of Statistics (2025), '*Australian industry*'. Available at: <https://www.abs.gov.au/statistics/industry/industry-overview/australian-industry/latest-release>

<sup>7</sup> Searches conducted via Department of Industry, Science and Resources (2025), '*Ministers for the Department of Industry, Science and Resources*'. Available at: <https://www.minister.industry.gov.au/ministers/search;>

Department of the Prime Minister and Cabinet (2025), '*Media*'. Available at: <https://www.pm.gov.au/media>; and

Parliament of Australia (2025), '*Search Hansard*'. Available at: [https://www.aph.gov.au/Parliamentary\\_Business/Hansard](https://www.aph.gov.au/Parliamentary_Business/Hansard)

<sup>8</sup> Parliament of Australia (2023). '*National Reconstruction Fund Corporation Bill 2022*'. Available at: [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/bd/bd2223a/23bd053](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd2223a/23bd053)

<sup>9</sup> Ibid.

<sup>10</sup> National Reconstruction Fund Corporation (2025), '*Liontown Resources*'. Available at: <https://www.nrf.gov.au/our-investments/liontown-resources>;

National Reconstruction Fund Corporation (2025), '*Arafura Rare Earths Limited*'. Available at: <https://www.nrf.gov.au/our-investments/arafura-rare-earths-limited-0>;

National Reconstruction Fund Corporation (2024), '*Resource Capital Funds*'. Available at: <https://www.nrf.gov.au/our-investments/resource-capital-funds>