

Investment guidance

At a glance

- The Australian Government created the National Reconstruction Fund Corporation (NRFC) to facilitate increased flows of finance into priority areas to help diversify and transform Australia's industry and economy.
- We offer debt finance, equity finance and guarantees for compelling proposals in seven priority areas of the Australian economy. We do not provide grants.
- We welcome proposals that meet our investment requirements. That means proposals that are solely or mainly Australian based, generate positive public policy outcomes, and demonstrate a positive return on investment or the ability to repay debt, among other requirements.
- This guide provides an overview of our investment requirements and process. It is not intended to be an investment policy for the purposes of section 75 of the NRFC Act.

What we invest in

You can seek debt finance, equity finance or guarantees for proposals that:

- are in one of [seven priority areas](#) of the Australian economy (renewables and low emissions technologies; medical science; transport; value-add in agriculture, forestry and fisheries; value-add in resources; defence capabilities and enabling capabilities)
- are not [Prohibited investments](#) (including coal or natural gas extraction or native forest logging)
- demonstrate a positive return on investment or an ability to repay debt (as applicable), and a positive impact on our legislated public policy outcomes, as explained further in 'What we look for' below
- are solely or mainly Australian based, and
- have a completed [Australian Industry Participation Plan](#) (where applicable).

Find out more

- [More about our minimum investment requirements](#)
- [Guidelines on solely or mainly Australian-based investments](#)

What we look for

We consider opportunities against the requirements set out in the NRFC Act and our Investment Mandate, balancing public policy impacts, return and risk. Our requirements include:

- **Return on investment.** We must invest to achieve a target portfolio rate of return of 2–3% above the 5-year Australian Government Bond rate over the medium to long term. However, we can generally accept higher levels of risk and longer payback periods than may be offered by private sector investors where appropriate for emerging technologies and industries, or to support Australia's strategic interests.

- **Positive policy outcomes.** Our investments must contribute to the policy outcomes set out in the NRFC Act and the Investment Mandate, including:
 - growing or improving industrial capability
 - helping industry pursue value-adding opportunities
 - improving economic diversity
 - crowding-in private finance
 - decarbonisation
 - creating secure jobs and a skilled, adaptable workforce
 - boosting supply chain resilience
 - commercialising Australian innovation and technology
 - improving economic participation by historically underrepresented groups
 - sustainability and circular economy principles and solutions
 - regional development
 - national security.

Proposals that target multiple outcomes or can demonstrate greater positive impacts will be highly regarded.

- **Investment readiness.** We welcome investment-ready proposals.
- **Co-investment.** We encourage co-investment and welcome proposals that involve credible co-financiers or investment partners.

Next steps

Contact us

- Contact us for more information [via our website](#)
- Use our [online form](#) to share your investment proposal with us.

Analysis

If your proposal meets our minimum investment requirements, we will analyse its commercial, financial, and technical aspects. This could include:

- reviewing investment documents (for example, your information memorandum or business case)
- understanding the capabilities and track record of your business, investment entity or investment partners
- identifying your investment needs and the funding pathway, including understanding whether there are other potential sources of investment
- critically analysing revenue, cost and cashflow projections to understand the potential to generate a return or repay debt
- assessing the commercial and technical viability and risks, including market and industry dynamics, and compliance with legislative and regulatory requirements (for example, environmental, planning, OHS and workplace relations)
- considering public policy outcomes.

Due diligence

We only undertake detailed due diligence for compelling proposals. We work with you to compile the information we need for our Board to make an investment decision. During this process, we will:

- assess the proposed investment in detail, including project, financial, legal, technical, environmental, social and governance (ESG) risks
- agree on a proposed transaction structure and terms
- if required, engage external advisors and experts to help undertake due diligence activities.

How we work with you

We invest with rigour, professionalism, and a focus on outcomes. When you share your investment proposal, we will:

- work with you to understand your investment proposal and our potential role
- communicate openly and honestly about our requirements and information needs
- respect the confidentiality of any information you provide to us
- act with professionalism and integrity.

More about our minimum investment requirements

Legislative background

Our investment approach reflects our governing legislation, including the:

- *National Reconstruction Fund Corporation Act 2023*
- *National Reconstruction Fund Corporation (Priority Areas) Declaration 2023*, and
- *National Reconstruction Fund Corporation (Investment Mandate) Direction 2023*.

The legislation creates minimum requirements for us to consider an investment proposal.

Priority areas

Proposed investments must be in one of the [seven priority areas](#) as defined in the *National Reconstruction Fund Corporation (Priority Areas) Declaration 2023*.

Public policy outcomes

Proposed investments must contribute to the policy outcomes set out in s17 of the NRFC Act and the Investment Mandate.

Prohibited investments

We are unable to finance coal or natural gas extraction, the construction of pipeline infrastructure for extracting natural gas, or native forest logging.

Debt, equity or guarantee

Proposed investments can be in the form of debt, equity or guarantees. We can provide debt and guarantees (defined as “financial accommodation” in Section 5 of the NRFC Act) to:

- constitutional corporations (in broad terms, this is an entity registered under the Corporations Act 2001)
- other entities and individuals where it would assist the entity or individual in carrying out any of the 12 “constitutionally-supported activities” detailed in section 5 of the NRFC Act
- a state or territory.

We can only make equity investments in entities where all the entity’s activities are “constitutionally supported activities” as detailed in Section 5 of the NRFC Act. This means, for example, that if one part of a business undertakes “constitutionally-supported activities” and another part of the business does not, we are unable to make an equity investment in the business.

Generate a return or repay debt

All investment proposals must be able to demonstrate an ability to generate a return (for equity) or repay debt. We cannot provide grants.

Australian Industry Participation plans

As set out in our Investment Mandate, we must ensure that an Australian Industry Participation (AIP) plan is completed for an investment where required by the Australian Government’s AIP plan policy. Further information on the AIP policy can be found at: www.industry.gov.au/major-projects-and-procurement/australian-industry-participation.

The NRFC has identified these minimum investment requirements to assist those seeking finance from the NRFC to develop investment proposals. However, it may be, as a result of the individual characteristics of an investment proposal, that additional legislative, regulatory or other internal requirements are applicable and will also need to be addressed.

Guidelines on solely or mainly Australian-based investments

Under section 69 of the NRFC Act, we can only invest in proposals that are “solely or mainly Australian-based”. The NRFC Board will determine, case-by-case, whether a proposed investment meets this requirement, considering relevant facts known to the NRFC Board at that time. The Board will consider:

- where the relevant project will be primarily located
- where the relevant project will be primarily used or exploited
- where the activity being funded by the investment will be primarily undertaken
- where the expenditure for the project will be primarily incurred
- where the intellectual property related to the project will be primarily located
- where the project’s management will be primarily located
- where the project’s operational activities will be primarily located
- whether (and to what extent) any benefits will flow to Australia in a manner consistent with the object of the NRFC Act and functions of the NRFC set out in the NRFC Act
- the nature of the investment recipient’s nexus (or proposed nexus) with Australia, including without limitation, the current or future location of its assets, employees, costs and/or revenues and whether it is (or plans to be) registered with the ATO with an Australian Business Number (ABN), and
- any other matters the Board deems appropriate in the circumstances.

Definitions

For the purposes of these guidelines, a reference to “Australia” and “Australian” includes the external territories (NRFC Act, section 8 (Extension to external Territories)) and “Australian waters”.

The external territories of Australia are:

- The Australian Antarctic Territory
- The Coral Sea Islands Territory
- The Territory of Ashmore and Cartier Islands
- The Territory of Christmas Island
- The Territory of Cocos (Keeling) Islands
- The Territory of Heard Island and McDonald Islands
- The Territory of Norfolk Island.

“Australian waters” includes:

- the “exclusive economic zone” as defined in the *Seas and Submerged Lands Act 1973* including the external territories
- the waters above the “continental shelf”, that is, any part of the area in, on or over the “continental shelf” as that term is defined in the *Seas and Submerged Lands Act 1973*, including the external territories.