

Senator the Hon Tim Ayres
Minister for Industry and Innovation
PO Box 6022
Parliament House
Canberra ACT 2600

Senator the Hon Katy Gallagher
Minister for Finance
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Ministers,

Statement of Intent

Thank you for your ongoing support of the National Reconstruction Fund Corporation (**NRFC**). We welcome receipt of your Statement of Expectations for the NRFC for the period of the Albanese Government's second term, and your acknowledgement of the vital role the NRFC plays supporting Australia's manufacturing capability in an increasingly complex global and regional economic environment. We are delighted to provide the NRFC's Statement of Intent outlining how the Corporation will continue to deliver for Australian industry.

The Government's vision to grow Australia's industrial capabilities, enhance productivity and bolster economic security and resilience is critical for a prosperous Australia. The NRFC is ready to support the Government by investing in projects and companies that support Australia's national interest with aspiration and ambition. We look forward to continuing to work closely with you and your portfolios to progress delivery of the Government's priorities.

1. Investment Mandate

The NRFC acknowledges its role in harnessing investment to accelerate the development of manufacturing capabilities across priority areas of the economy. The NRFC is already working towards its ambitious \$1.5 billion investment target for 2025-26 and will continue to prioritise the development of our investment pipeline, to identify Australian-based investments with nation building potential that align with the NRFC's mandate and to the extent permitted by relevant legislation and regulation.

As per the Investment Mandate, we will continue to operate with a commercial approach following our robust investment process which includes undertaking appropriate due diligence and risk assessment of all opportunities. We will consider the medium-to-long term outcomes when investing and prioritise national impact as per your expectations. We seek to invest to attract private capital, leveraging our \$15bn to diversify and transform Australia's industry and economy and target the prescribed benchmark return across the Corporation's portfolio of investments.

We note your expectation that the NRFC contribute to the Government's second term priorities using available levers including a renewed focus on the Future Made in Australia agenda, technologies that will underpin Australia's ongoing economic resilience and security and growing advanced manufacturing.

We will review our frameworks and processes to ensure we deliver on this expectation, in particular we will undertake a calibration of our risk tolerance to ensure it aligns with the Government's objectives for the Corporation including having regard to the National Interest Framework contained in the *Future Made in Australia Act 2024* (Cth).

2. The Strategic Environment

Recognising that targeted investment can act as a catalyst for broader based economic transformation, we will continue to ensure our approach supports the creation of new industries, assists the transformation of existing industries, and contributes to the diversification of existing supply chains.

We will ensure our approach includes a focus on the risks to Australian industry, economic security and resilience and consider where domestic capabilities are necessary or efficient to mitigate these risks in line with the Government's expectations. Supported by strong evidentiary foundations which may include supply chain or value chain mapping, we will be proactive and forward leaning in our origination and business development activities to ensure we are identifying innovative Australian companies and projects. We will also continue to partner with others to attract global players to Australia and support great Australian companies connect with customers and markets here and abroad.

The NRFC welcomes the opportunity to lead delivery of the Government's Economic Resilience Program and Net Zero Fund. To this end the NRFC will work closely with our policy partners Department of Industry, Science and Resources (DISR), and the Department of Finance (DOF) to develop the necessary infrastructure to implement these key policy initiatives.

3. Collaborating with other government agencies and advisory bodies

The NRFC recognises the importance of collaborative relationships with others to support delivery of our purpose and to amplify the impact of Australian Government investment. The NRFC has strong relationships with Australian Government agencies, including the Commonwealth Scientific and Industrial Research Organisation and other Specialist Investment Vehicles. We will continue to work closely with these agencies to facilitate collaboration and collective impact. We will also continue to work across the ecosystem to assist businesses to navigate available support to suit their circumstances and stage of maturity. We have formed a strong relationship with the Industry Growth Program in this regard.

Acknowledging the critical role regional industries play in supporting the economic resilience of regional Australian communities and our national capabilities, the NRFC will continue to work closely with the Net Zero Economy Authority and will collaboratively seek to drive regional industrial investment to bring about real and tangible change through place-based initiatives. We have already commenced work in this area, collating available information from across Government to support active participation in the transformation of these critical regions.

4. Ensuring effective governance and reporting

The NRFC will continue to comply with all applicable legislation including the NRFC's legislative framework, and the *Public Governance, Performance and Accountability Act 2013* (Cth). The NRFC will continue to hold itself to the highest standards of governance, performance, transparency and accountability. The NRFC welcomed the Australian National Audit Office's Performance Audit report earlier this year, and we have already made substantial progress implementing the recommendations. The implementation of the recommendations will be timely and transparent, and overseen by the NRFC's Board Audit and Risk Committee.

The NRFC will continue to work closely with policy partners including DISR and DOF, and provide accurate, timely advice and information as required. We seek to be a trusted partner, providing insights from our connection to businesses and fostering connections to advance the Government's priorities.

On behalf of the Board, the Executive, and the team at the NRFC, thank you for your ongoing support for the organisation and its purpose. You can have confidence in the NRFC successfully delivering against our mandate and supporting the Australian Government's ambitious policy agenda.

A handwritten signature in black ink, appearing to read 'Martijn Wilder', with a long horizontal stroke extending to the right.

Martijn Wilder AM

Chair
National Reconstruction Fund Corporation