



## What is the Net Zero Fund?

The Australian Government has announced a \$5 billion Net Zero Fund, a sub-fund of the \$15 billion National Reconstruction Fund (NRF).

The Net Zero Fund addresses financial and structural barriers to industrial decarbonisation, particularly for energy-intensive and hard-to-abate sectors facing high upfront capital costs and competitive pressures. It also provides investment for the scaling of domestic manufacturing of renewable and low emissions technologies.



## What kind of support will be provided through the Net Zero Fund?

Support provided through the Net Zero Fund will be in the form of debt or equity investments, or via guarantees. Investments must meet the Net Zero Fund's eligibility criteria and undergo a thorough due diligence process.

The fund is designed to:

- Support large industrial firms to decarbonise energy-intensive parts of their operations.
- Support investment in the scale-up of domestic manufacturing of low emissions technologies.



## What is the National Reconstruction Fund?

The National Reconstruction Fund is a \$15 billion government-backed sovereign fund investing in manufacturing, logistics, and industrial capability across eight Priority Areas of the Australian economy. The NRF works to maintain and build resilience and deliver sovereign capability, supporting current industries as well as helping to develop future ones.



## What investments does the Net Zero Fund target?

Investments under the Net Zero Fund are intended to support industrial subsectors with the greatest opportunity and need for decarbonisation.

This includes the manufacturing and processing of:

- alumina and aluminium
- cement and concrete
- chemicals and plastics
- food and beverages
- iron and steel
- glass
- pulp, paper, and paperboard
- fertilisers and agricultural protection chemicals
- metals refining and smelting
- waste and resource recovery
- building or maintaining facilities for these products.

The Net Zero Fund also invests to support the scale-up of domestic manufacturing of low emissions technologies.

This includes the manufacturing of products in connection with:

- renewable energy generation, transmission, distribution or storage
- greenhouse gas emissions reduction
- energy efficiency
- low carbon liquid fuels
- building or maintaining facilities to enable the manufacture of these products.

It also includes:

- recycling
- waste reduction
- waste and resource recovery
- building or maintaining facilities to enable these activities.



## Who is eligible?

To be eligible for potential investment under the Net Zero Fund, proposals must:

- be solely or mainly Australian based
- involve manufacturing or processing
- fall within the Industrial Manufacturing and Critical Supply Chains or Renewables and Low Emission Technologies Priority Areas
- not directly finance the extraction of coal or natural gas, pipeline infrastructure for the extraction of natural gas, or native forest logging.



## What can the funding be used for?

Funding under the Net Zero Fund could be used to:

- support the decarbonisation of existing industrial activities
- improve the energy efficiency of manufacturing and industrial processes
- support the domestic manufacturing of renewable and low emissions technologies.

Support may include earlier-stage proposals, first-of-a-kind projects, or those with large upfront capital requirements and longer repayment periods as well as commercial-scale investments that align with the Net Zero Fund portfolio's risk and return objectives.



## How do I apply?

To apply for finance under the Net Zero Fund, visit [nrf.gov.au/nzf](https://nrf.gov.au/nzf) and fill out the webform.

Before filling out the form, we recommend that you read it thoroughly to understand the information that you will be required to provide.

## How do I know which fund to apply for?

If you're unsure whether your proposal best fits the Net Zero Fund, the General Fund, or one of the NRF's other sub-funds, submit your proposal to the one you think is most appropriate and the NRF will contact you to discuss your options.

In some cases, the NRF may deem proposals under the Net Zero Fund to be more appropriate for the General Fund. Our team of investment professionals will work with you to ensure that any finance that you receive from the NRF is best suited to your business's needs.

## What size of business can apply to the Net Zero Fund?

The Net Zero Fund has been created to provide investment for a wide variety of Australian businesses, ranging from some of our largest corporations, to small to medium enterprises.

## Is there a minimum or maximum size of investment?

There is no minimum or maximum size of investment under the Net Zero Fund.

The Net Zero Fund has been designed to support investments in sectors that have the greatest opportunity and need for decarbonisation and where public investment is likely needed to make a significant contribution to emissions reduction at an efficient cost.

## I've filled out the webform, what happens next?

Once you've submitted your proposal, it will go through an initial screening process to determine its eligibility and investment-readiness. Our Investment Team will then contact you to discuss your proposal, gather additional information if required, and advise you of the next steps.

## What stage does my project need to be at to receive funding?

To be considered for funding under the Net Zero Fund, your project will need to be investment-ready.

This includes having a detailed business case, a clear investment need and funding pathway, and the ability to demonstrate a positive return on investment or repay debt.

All proposals will be subject to rigorous due diligence and credit and investment risk assessment processes to determine their eligibility and fit within the NRF's investment portfolio.

## What kinds of investment will the Net Zero Fund make?

The Net Zero Fund is able to invest across different asset classes ranging from debt to equity to support decarbonisation of industrial activities, or the domestic manufacturing of low emissions technologies. This may include providing concessional finance where necessary.

For debt investments, concessionality may include lower than market interest rates, longer loan tenors, subordinated positions, income contingent repayment terms, or additional, longer, or more flexible grace periods before the payment of the principal and/or interest is due.

For equity investments, concessionality may include different classes of shares, asymmetric risk or lower internal rates of return.

## Does the Net Zero Fund offer grant funding?

No. The NRF is not permitted to provide grants. Finance will be provided in the form of equity, loans, or guarantees, with a requirement that all agreements be completed according to the agreed upon commercial terms.



## What is the rate of return of the Net Zero Fund?

The Net Zero Fund must target an average return of 1% below the five-year Australian Government bond rate across the fund's portfolio of investments over the medium to long term.

Proponents should not expect to be able to access financing from the NRF at this benchmark rate of return. The return that the NRF seeks for any given investment will be a risk-adjusted return reflecting the individual characteristics of specific projects, the need to cover the NRF's operating expenses, and the requirement to target the benchmark return on a portfolio basis.



## How long is the program open for?

The Net Zero Fund will continue to operate until the \$5 billion in funding is exhausted.

All returns generated and capital committed under the Net Zero Fund will be returned to the NRF General Fund.