

Higgins, Jasminder

From: s22
 Sent: Wednesday, 24 January 2024 8:55 AM
 To: Looney, Donna; Higgins, Jasminder
 Cc: NRF Policy; s22
 Subject: For information - updates to NRFC website [SEC=OFFICIAL]
 Attachments: investment-guidance.pdf

Good morning Donna and Jas

For information

- The NRFC website [contact us page](#) has been updated to include the below advice around 'seeking investment'.

Seeking investment?

We welcome compelling investment proposals that meet our requirements. Read our [investment guidance](#) then tell us about

- This includes the investment guidance (attached) and an online form to 'submit your proposal'.

I will work with NRFC on any supporting updates to our standard words to support this change.

Kind regards

s22

A/g Manager

NRF Policy & Liaison Branch | Sovereign Capability & Supply Chains Division
Department of Industry, Science and Resources

s22

[@industry.gov.au](mailto:industry.gov.au) | 100 Creek Street, Brisbane

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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.

Higgins, Jasminder

From: NRF Policy
 Sent: Wednesday, 24 January 2024 9:23 AM
 To: s22
 Cc: NRF Policy; Higgins, Jasminder; s22
 Subject: RE: Website updates [SEC=OFFICIAL]
 Attachments: 1a NRF standard words (24 JAN 24).docx

OFFICIAL

H s22

Not yet internally cleared but proposing updates to our standard words (see draft attached), but grateful for any views so we can support consistent messaging.

Thanks

s22
 A/g Manager
 NRF Policy & Liaison Branch | Sovereign Capability & Supply Chains Division
 Department of Industr. Science and Resources
 s22 @industry.gov.au | 100 Creek Street, Brisbane
 OFFICIAL

From: s22 <industry.gov.au>
 Sent: Wednesday, 24 January 2024 8:12 AM
 To: s22 <@nrf.gov.au>
 Cc: National Reconstruction Fund <NationalReconstructionFund@industry.gov.au>; Higgins, Jasminder <Jasminder.Higgins@industry.gov.au>; s22 <@industry.gov.au>
 Subject: Website updates [SEC=OFFICIAL]

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Great to see the webpage has had further updates.

Is there any specific wording you would like us to use in addition to the below words from last week, maybe to advise there is investment guidance?

There continues to be strong interest in the National Reconstruction Fund Corporation (NRFC). We have received nearly 100 investment-related enquiries through our website since the registration of the Investment Mandate in late November 2023.

Businesses can get in touch with us through the [contact page](#) of our website where there is an option to indicate that they are seeking investment. Our investment team reviews enquiries and considers project proposals in line with our legislative framework.

The National Reconstruction Fund does not have fixed funding rounds or closing dates. Businesses can approach the NRFC with their proposals at any time.

Cheers

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National Reconstruction Fund

s22

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NRF Corporation - getting in touch

- The NRF is operational. Interested proponents seeking investment consideration can approach the NRF Corporation with their proposals at any time. The NRF does not have fixed funding rounds or closing dates.
- Interested proponents and businesses are encouraged to get in touch with the NRF Corporation through the 'contact us' page on their website where 'investment guidance' and a webform to submit your proposal is available - <https://www.nrf.gov.au/contact-us>
- To keep up to date with NRF visit their website: <https://www.nrf.gov.au/>

Higgins, Jasminder

From: s22 @nrf.gov.au >
Sent: Wednesday, 24 January 2024 11:19 AM
To: NRF Policy
Cc: Higgins, Jasminder; s22 s22
Subject: RE Website updates [SEC=OFFICIAL]

OFFICIAL

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear s22 s22

Thanks so much for sharing this, which looks good to us.

It's fine to send people to the contact landing page but there is also a direct link to the Your Proposal page in case useful: <https://www.nrf.gov.au/contact-us/your-proposal>

For visibility, we will be emailing those who have previously been in contact with us to share the new guidance. The draft email is as follows:

Subject: Update from the National Reconstruction Fund Corporation

Dearxxx

Thank you for interest in the National Reconstruction Fund Corporation (NRFC).

We are pleased to let you know that we have published investment guidance setting out an overview of our requirements. You can find this on our website: <https://www.nrf.gov.au/what-we-do/investment-guidance>

If you are interested in seeking investment from the NRFC, you can provide details to us via our online form: <https://www.nrf.gov.au/contact-us/your-proposal>.

Thank you for your ongoing interest in the NRFC.

Kind regards

xxx

We haven't got separate approved lines but our intention would be to mirror the language used on the website and in that email.

Many thanks

s22

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Sent: Wednesday, January 24, 2024 9:23 AM

To: s22 @nrf.gov.au >

Cc: National Reconstruction Fund <NationalReconstructionFund@industry.gov.au>; Higgins, Jasminder <Jasminder.Higgins@industry.gov.au>; s22

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s22 industry.gov.au | 100 Creek Street, Brisbane

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 Cc: Higgins, Jasminder; s22
 Subject: RE: Website updates [SEC=OFFICIAL]
 Attachments: FOR GM approval - 1a NRF standard words (24 JAN 24) .docx

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Thanks so much s22 - I've made a few more edits based on the below and will now progress for SES clearance.

Really appreciate you reviewing and providing guidance! @

s22

I A/g Manager

NRF Policy & Liaison Branch | Sovereign Capability & Supply Chains Division
 Department of Industr. Science and Resources

s22

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OFFICIAL

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NRF Corporation - getting in touch

- Thank you for your interest in the NRF. The NRF Corporation administering the NRF is now operational.
- Interested proponents seeking investment consideration can approach the NRF Corporation with their proposals at any time. The NRF does not have fixed funding rounds or closing dates.
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OR

- To keep up to date with NRF visit their website: <https://www.nrf.gov.au/>
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