

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the provisions of Future Made in Australia Bill 2024 and the Future Made in Australia (Omnibus Amendments No. 1) Bill 2024

Department: Department of the Treasury
Topic: Legal heads of power for FMIA funding
Reference: Written
Senator: Nick McKim

Question:

Can Treasury please list all the legal heads of power for FMIA funding to be delivered? For example, all the various Specialist Investment Vehicles (SIVs), through section 33 of the industrial research and development Act, Financial Framework (Supplementary Powers) Act etc

The figure \$22.7 billion is used as the total of FMIA spending, can Treasury please provide a table showing each year in which this funding occurs and each agency or department who has administrative responsibility for it?

Will Treasury's sector assessment plans assess projects under the Net Zero stream under a standard discount rate or will consideration be given to lower the rate in light of the goals that these investments have longer term benefits and have a much greater impact on the quality of life for future generations than standard investments?

Both BZE and BHP's submissions stated that one of the key investment opportunities for government will be creating the common user infrastructure that multiple entities and sectors could leverage. How will Treasury be assessing possible government interventions that would benefit multiple sectors, and therefore fall outside of 'sector assessments'?

The election commitment of \$1.5b equity investment for Middle Arm has been set aside in the contingency reserve but there is currently no corporate vehicle to invest the money into. Given this, and that the investment decision was made from opposition without any Treasury advice, will this investment be held against any standard in the Future Made in Australia framework?

Answer:

1. Future Made in Australia (FMA) funding is captured under section 10 of the Future Made in Australia Bill 2024 (the Bill) as FMA Support. Under the Bill, the Australian Renewable Energy Agency (ARENA) and Export Finance Australia (EFA) may provide FMA Support through specified programs. The legal basis enabling these agencies to provide FMA Support is:
 - a. Section 23B and paragraphs 7(1)(df) or (dg) of the *Export Finance Insurance Corporation Act 1991*, which enables certain transactions that will be referred to the Government by EFA for consideration on the National Interest Account; and

- b. Subsection 8(a) of the *Australian Renewable Energy Agency Act 2011*, which enables ARENA to provide financial assistance for the program known as the FMA Innovation Fund.

Section 10 of the Bill also provides that FMA Support can be any support provided by a Commonwealth entity or Commonwealth company that is:

- a. identified by another Commonwealth law as FMA Support; or
- b. prescribed by the Minister in the FMA Rules.

This ensures flexibility for alternative funding sources from entities, including other Specialist Investment Vehicles, to provide FMA Support in the future as needed. Consistent with ARENA and EFA, these entities will have their own enabling legislation which provides them the power to administer any relevant FMA Support. This approach also allows for prescribing in the rules as FMA support any programs with funding provided under section 33 of the *Industry Research and Development Act 1986*, the *Financial Framework (Supplementary Powers) Act 1997* or another legislative framework.

2. [Budget Paper 2](#) (pp.65 – 73) contains a breakdown of FMA spending by category, including payments to specific agencies involved in administration of measures by year over the forward estimates period, and aggregated over longer periods of time for measures which go beyond the forward estimates.
3. Sector assessments will consider the extent to which a sector aligns with the National Interest Framework, including the net zero transformation stream, and opportunities to address barriers to private investment in the national interest.
4. Treasury will provide advice to government on policy proposals that sit outside the sector assessment process in the usual way consistent with standard Budget Process Operational Rules.
5. The Future Made in Australia National Interest Framework was established in 2024 and can inform future investment decisions. It complements a range of existing frameworks which have guided previous government investment decisions, such as the Middle Arm Industrial Precinct.