



Australian Citizens Party

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MEDIA RELEASE

15 April 2020

The Katters are right! The CEFC could fund the Bradfield Scheme, right now

Member for Kennedy Bob Katter has echoed the call to immediately repurpose and recapitalise the Clean Energy Finance Corporation (CEFC) to fund an industrial recovery in Australia.

Mr Katter and the President of his Katter's Australian Party (KAP), his son and Queensland state MP Robbie Katter, declared in a 9 April KAP Facebook post, "We need to start public works projects to build our way out of this Coronavirus Depression."

They called for the CEFC to fund the Bradfield Scheme to divert floodwater from the wettest part of Australia, North Queensland, down into inland Australia where it can irrigate large tracts of fertile land before making its way into Lake Eyre. Recently proposed additions to the original scheme would also see it add water to the Murray-Darling Basin.

"Nation-building projects are a smart way to help save Australia from an unprecedented financial crisis", the Katters said in their post.

"There is an organisation called the Clean Energy Finance Corporation which is essentially an Australian Government-owned bank that provides finance to projects to reduce carbon emissions. KAP is calling on the Prime Minister to urgently expand the CEFC's role to allow investment in infrastructure and industry. It would enable billions of tax-payer dollars to fund a broad-scale public works program that will redefine Australia's economy.

"A slight change in the CEFC's parameters would result in the long overdue re-establishment of a National Development Bank, the sole aim of which would be to provide reliable finance to projects that will guarantee economic prosperity and employment."

Minor adjustments

The Citizens Party, which originated the proposal, has looked in detail at the changes that would be required to immediately repurpose the CEFC for an expanded role in funding an industrial transformation of Australia, which is desperately needed in this current economic crisis.

With just a few changes, the CEFC could indeed become a national investment bank. The principle is simple: the government can either be a borrower, going cap in hand to foreign creditors, or it can be a lender, utilising its own bank to invest in the infrastructure projects and industries Australia needs.

One necessary change would require a small amendment to the CEFC legislation, expanding its powers beyond only investing in so-called "clean energy" technologies. In practice, the CEFC has already displayed an ability to interpret its powers widely; nevertheless its investments are required to somehow relate to clean energy. To be able to intervene in the current economic and health emergency now, the CEFC's powers should be expanded to include financing of infrastructure projects of all forms, and of industry generally.

The CEFC's Investment Mandate would also need to be revised. The Investment Mandate is set in regulation, not legislation, by the Environment Minister and Finance Minister. The two ministers would need to remove the requirement that CEFC investments make a financial return of 3-4 per cent above the five-year bond rate. This is an inappropriate requirement for long-term infrastructure investments, which often don't make a profit in their own right, but which help make the economy more profitable.

The Investment Mandate should also be revised to allow the CEFC to borrow money. This would enable the CEFC to issue Commonwealth government-backed bonds, akin to infrastructure bonds, which could be sold to Australian superannuation funds and other Australian investors keen to make guaranteed long-term investments. If the CEFC were able to issue \$40 billion in bonds, it would increase its capital from \$10 billion to \$50 billion, which at a conservative bank lending ratio of 10:1 could be the basis for up to \$500 billion in loans for infrastructure and industry.

With these few changes, the CEFC could start operating as a fully-fledged investment bank.

Build the Bradfield now!

The good news for Bob Katter's proposal to use the CEFC to fund the Bradfield Scheme is that it could start immediately, and not wait for Parliament to return to legislate these necessary changes. That's because the Bradfield Scheme is also a hydroelectricity project, one of the very best forms of clean energy, which comes under the CEFC's existing powers. The only changes that would be required are the revisions to the CEFC's Investment Mandate, which the two Ministers could make today, independent of Parliament.

Robbie Katter said with a stroke of a pen the Prime Minister could redefine Australia's economic future in the face of unprecedented crisis.

"We have long called for the establishment of a state or National Development Bank and with the economy in such peril in the face of the coronavirus shutdown, it's now or never", Robbie Katter said.

"The government are drawing on hundreds of billions of dollars to provide COVID-19 rescue packages, but at the end of the day we all need to pay for this.

"It's not going to happen without action and a new approach to our economy; one that prioritises agriculture and food production, industry, manufacturing, energy production and innovation.

"We know the Federal Government is thinking about this; they just need to do it and finally enable this much-needed Development Bank", Robbie said.

"This would allow us to fund activities beyond the term of COVID-19 to get the economy back on track."

What you can do

- To help fight for the idea of using the CEFC as a stepping stone to a proper national bank, click here to sign and share the new petition, [For national survival, Australia needs a national bank—now!](#)
- Email this release to your local federal and state MPs, and your Senators, and call their offices to make sure they read it.
- Share this release with local councillors, trade union leaders and members, chambers of commerce leaders, and other local community leaders who would be concerned about reviving the real economy.

[Click here to join the Citizens Party as a member.](#)