

10 April 2024

Subject: Notice of Wind Up of Australian Carbon Innovation (ACI)

It is with a great sense of disappointment that I inform you of the upcoming closure of ACI. After careful consideration of the state of the economy, the natural resource management policies and the increasing difficulty in attracting support to develop low emission, high value products from Victoria's largest single natural resource - lignite, the Board has made the difficult decision to cease operations, effective 30 June 2024.

Along with the rest of the world, Victoria is undergoing a revolution in energy supply and manufacturing processes to meet the challenge of reducing atmospheric emissions. From its inception, ACI accepted the IPCC assessment of climate change science and the urgent need to cease the burning of fossil fuels for energy and other industrial processes where that required release of greenhouse gases into the atmosphere.

However, carbon is essential to all life on earth and fundamental to most industrial processes including production of all the renewable and energy efficiency technologies. The application philosophy of "decarbonize" across the board is therefore misleading. To date all that has changed is that Australia has exported its jobs, manufacturing industry and wealth offshore resulting in continuing growth of global atmospheric emissions generated by countries which produce the goods we continue to import.

ACI was established by the then Brumby Labor Government with support from the Commonwealth government in 2009 to explore the opportunities to utilise the lignite resource of Gippsland and provide the basis for new industries and employment beyond burning of lignite for electricity production. Through the contributions of academic and research institutions and industry members, we have identified a diverse range of uses and products for lignite that we will continue to use in a low or zero net policy setting.

Although we will provide details in our final report, it is clear that opportunities do exist for production of hydrogen, fertilizers, a range of activated carbons, carbon fibre, graphene and graphite in Victoria. Industries that rely on carbon include food, agriculture, health, electrical, renewable energy, transport (trains, trams and cars) and construction (concrete and steel). We are aware that other countries including China and the USA are exploring these opportunities to take commercial advantage as emerging net zero economies.

ACI acknowledges that the transition to a net zero economy is going to be challenging both socially and economically, but it appears to be a folly of the highest degree for governments to abandon a key natural resource that undoubtedly will play a major role, if not in Australia, then elsewhere.

Our team is available to discuss any concerns or final arrangements for research projects which we are supporting.

Once again, we thank you for your involvement with ACI.

Warm regards,



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