



# Budget 2023–24

## Building a clean energy future

The Australian Government's plan to become a renewable energy superpower



As the global economy transforms to achieve net zero emissions, Australia can become a renewable energy superpower.

Around the world, action to achieve net zero emissions has accelerated. This transformation is the most significant shift in the world's economy since the industrial revolution. It is changing the value of countries' natural endowments, disrupting trade patterns, creating new markets, requiring heightened adaptability and rewarding innovation.

Australia is among the countries best positioned to benefit from this transformation. Our abundance of sun, wind and land means Australia can generate large volumes of cheap electricity to power our homes and industries, and to export. Our unique endowment of critical minerals means Australia will also play a key role in supply chains for net zero technologies like batteries.

Australia can convert these natural advantages into broad growth opportunities across industries to drive sustainable growth from our regions and make Australia a renewable energy superpower.

The Government has a plan to make Australia a renewable energy superpower, and has committed over \$40 billion to this ambition:

- **Powering Australia with clean, cheap energy**, with \$23 billion committed to growing and modernising our electricity grid and boosting energy performance, supporting electrification.
- **Powering net zero industries, jobs and communities**, with \$17 billion committed to capturing opportunities in hydrogen, critical minerals and upstream industries, and realising low emissions industry growth opportunities in our regions.

This plan is underpinned by a skilled workforce and strong environmental, social and governance (ESG) standards and strong international partnerships, which make Australia a great place to do business.

Ongoing engagement with workers, communities and industries through the new Net Zero Authority will ensure all Australians have an opportunity to benefit from economic opportunities presented by this net zero transformation.

## Powering Australia with clean, cheap and reliable energy

Australia has the potential to generate abundant cheap, clean energy – driving down costs for households and businesses, and creating a competitive advantage for renewable energy and low emissions exports.

To realise this opportunity, the Government has committed around \$23 billion towards transforming Australia’s energy system – modernising our infrastructure, accelerating private investment in renewable generation and storage, boosting energy performance and incentivising electrification.

### Transmission

Through the \$20 billion **Rewiring the Nation** program, the Government is unlocking investment in our electricity grid, allocating over \$12 billion to priority transmission projects since last Budget. This includes Tasmania’s **Battery of the Nation** projects; transmission to connect **Renewable Energy Zones (REZ)** and **offshore wind** in Victoria; and **critical transmission and REZ** in New South Wales.

### Generation and storage

The Government is accelerating investment in firmed renewable capacity by establishing the national **Capacity Investment Scheme**. This scheme will unlock at least \$10 billion of new investment and 6GW of dispatchable power by de-risking investments in priority generation and storage projects. It will work alongside the \$157.9 million **National Energy Transformation Partnership** to coordinate action by the Commonwealth, states and territories.

The Government is investing in our **offshore energy industry** to reach 82 per cent renewables by 2030 and make energy cheaper, cleaner and more reliable, including by funding the **Offshore Renewables Growth Strategy** and the **Future Gas Strategy** in this Budget.

These commitments complement generation and storage investments in the 2022–23 October Budget, including the \$83.8 million committed to develop and deploy **microgrid technology** across First Nation communities, \$224.3 million committed for the **Community Batteries for Household Solar program** and \$102.2 million for the **Community Solar Banks program**.

### Energy Performance and Electrification

Australia ranks 58th out of 63 countries on energy use per capita, but we know that just upgrading an average house from a 1-star out of 10 rating to a 3-star rating can reduce a household’s energy bill by around 30 per cent. Businesses can also reduce their bills by completing energy-saving upgrades.

This Budget commits \$1.3 billion to enhance our energy performance. This includes the **Household Energy Upgrades Fund**, with \$1 billion being provided to the **Clean Energy Finance Corporation** to partner with banks and financial institutions to invest in household energy upgrades. This also includes \$36.7 million towards expanding and modernising the **Nationwide House Energy Rating Scheme** and **Greenhouse and Energy Minimum Standards** program to make it easier for consumers to improve their energy performance of their households.

The Government’s new **Small Business Energy Incentive** provides \$310 million in tax relief for energy performance upgrades and builds on the \$62.6 million in **Energy Efficiency Grants for Small and Medium Enterprises** announced last Budget.

Consultation is underway on the **National Energy Performance Strategy** which will identify further opportunities to reduce energy costs by improving energy efficiency and accelerating electrification.

This includes electrification of the transport sector, where the Government has already committed over \$800 million to support electric vehicles, including through the introduction of a **Fuel Efficiency Standard** in this Budget, and the **Driving the Nation Fund** and **Electric Car Discount** in the October 2022–23 Budget.

## Powering net zero jobs and industries

Australia's skilled workforce, unique endowment of critical minerals and expertise in traditional industries means Australia is a key link in global net zero supply chains. The Government has committed \$17 billion to convert these strengths and our renewable energy advantage into broad, sustained growth drivers.

### Hydrogen and new energy industries

Sun and wind can be converted into hydrogen or other embodied energy products and exported to the world. The **\$2 billion Hydrogen Headstart** launched in this Budget will support Australia's renewable hydrogen sector to mature by providing competitive hydrogen production contracts that bridge the commercial gap for early projects.

Further investments this Budget in Australia's **Guarantee of Origin** scheme will enable exporters to verify emissions of products and certify renewable electricity.

### Critical minerals

The net zero transformation is boosting demand for Australia's large reserves of critical minerals and creating opportunities to add more value onshore through processing and refining.

In this Budget, the Government is providing \$57.1 million for **Critical Minerals International Partnerships** to secure strategic and commercial partnerships with like-minded partners. This is in addition to our \$2 billion investment in the **Critical Minerals Facility** established in 2021, and contributions from the \$1 billion of the **National Reconstruction Fund** earmarked for **value-adding in resources**.

A strengthened Critical Minerals Office will support the capability of the sector and ensure high **ESG standards** are a feature of our attractiveness for investment.

### Broader net zero industry opportunities

Australia's natural advantages can also underpin competitive advantages in adjacent industries. To realise this opportunity, this Budget announces the **Powering Australia Industry Growth Centre** as part of the **Australian Made Battery Plan**, which will work alongside the broader \$392.4 million **Industry Growth Program** to bolster Australian manufacturing.

This builds on the existing financing of up to \$3 billion earmarked for renewables and low emission technologies, including green metals, in the **National Reconstruction Fund** and the continued success of the **Australian Renewable Energy Agency (ARENA)**, which has already invested over \$2 billion in more than 600 low-emission innovation projects.

### Sustainable finance and governance

The Government is attracting sustainable capital to invest in Australia's growth. By introducing **sovereign green bonds**, developing a **sustainable finance taxonomy** and addressing **greenwashing**, the Government's sustainable finance agenda will attract investment in the net zero transformation. **Mandatory climate-related financial disclosure requirements** for large businesses and financial institutions will also help businesses understand and manage climate-related risks.

The Government is strengthening this advantage by committing \$121 million to establish **Environment Protection Australia**, supporting streamlined environmental approvals by better leveraging data, and investing \$18.1 million to strengthen the integrity of **Australian Carbon Credits Units**.

The **Annual Climate Change Statement** legislated by this Government provides certainty to investors and the broader community that Australia is committed to its emissions reduction targets, and the restoration of the **Climate Change Authority** and **Treasury's climate modelling capability** ensures that policy will be informed by expertise.

## Tomorrow's growth opportunities for our regions

The Government will ensure the transition to net zero benefits all Australians through a coordinated effort across the regions. Investment in future-ready industries across Australia will drive growth in new clean industries and promote decarbonisation of the economy.

### Safeguard transformation

The Government's landmark reforms to the **Safeguard Mechanism** commence on 1 July 2023 and will provide a clear signal to industry to invest in reducing industrial emissions in line with Australia's emissions reduction targets. This will ensure they remain competitive in a decarbonising global economy.

### Regional net zero support

In the 2022–23 October Budget, the Government established the \$1.9 billion **Powering the Regions Fund (PRF)** to support regional industry to transition to net zero, and to seize the economic opportunities created by global decarbonisation.

Funding includes:

- The \$600 million **Safeguard Transformation Stream** of the PRF will support trade-exposed facilities covered by the Safeguard mechanism to reduce their on-site emissions.
- The \$400 million **Critical Inputs to Clean Energy Industries Stream** of the PRF will maintain sovereign manufacturing capability for inputs that are critical to the energy transition such as steel, cement, lime and aluminium.
- The \$400 million **Industrial Transformation Stream** of the PRF will support the development of new clean energy industries in the regions, including innovative ways to decarbonise existing industries.

### Net Zero Authority

This Budget funds the establishment of a national **Net Zero Authority** to help drive the transformation to a clean energy economy and ensure Australia's regions, workers and First Nations people benefit.

The Authority will include a focus on the regions, industries and workers that have traditionally powered Australia's economy. As some traditional industries adapt and transition, the Authority will work to ensure new industries are coming online, and workers, communities and regions are supported.

The Government established the **Net Zero Economy Taskforce** in late 2022 to advise on how to help workers and regional communities transition to a net zero economy. This engagement informed the creation of the **Net Zero Authority** and will inform its work. The National Cabinet was also engaged, agreeing to continue to work together.

### Skills for a net-zero future

In the 2022–23 October Budget, the Government announced the **New Energy Apprenticeships program** to deliver 10,000 New Energy Apprentices. The Government also commissioned a **Clean Energy Capacity Study** to evaluate future workforce needs.

### International Partnerships

The climate change and energy transition is at the centre of global political and economic attention. Australia is strengthening international partnerships to bolster our capacity as a renewable energy partner through the \$200 million **climate and infrastructure partnership with Indonesia**, the October 2022–23 Budget's **Pacific Climate Infrastructure Financing Partnership** and up to \$50 million for projects supporting green hydrogen export supply chains under the **Australia-Germany Hydrogen Accord**.