

Energy & Resources

FedBud Fast Facts



10 May 2023

Hydrogen leads the spending, with budget for oversight bodies and regions

Key takeaways

- With the Government's commitment to net zero transformation, based on emissions reduction targets of 43% by 2030 and net zero by 2050, this Budget has a major focus on energy, with resources funding being focussed on critical minerals, and key focus on Net Zero transition programs.
- Several large commitments were announced in previous budgets but have now been largely expected to be spent on projects/funds. The two main expenditure items were:
 - \$2bn on **Hydrogen Headstart**, and
 - \$1.3bn on household energy upgrades.
- The **forward estimates** have improved considerably:
 - due to a change in the price estimates for iron ore, coal, oil and natural gas with reversion to long term prices expected to be over four quarters rather than two quarters,
 - with higher reverted prices as well, for example iron ore from US\$55 to US\$60.
- **PRRT** has been adjusted to bring forward the collection of taxes from LNG projects which have a longer life than oil projects.
 - The government will cap the level of deductions to 90 per cent so that a minimum of 10 per cent of income will be subject to PRRT.
 - It is expected this will increase revenue by \$2.4bn over the budget estimates.

Hydrogen Headstart

- The \$2bn Hydrogen Headstart which will provide revenue support for investment in renewable hydrogen production through competitive production contracts.
- \$38.2m will be spent over four years to establish a Guarantee of Origin Certificate scheme to track and verify emissions associated with hydrogen, the cost of this measure will be partially recovered from certification.

Investments in energy transition

- The government has now made an allocation of \$12bn of the previously announced \$20bn investment in **Rewiring the Nation** to projects, including:
 - \$1 billion to Tasmania's Battery of the Nation
 - \$1.5 billion to Victoria's Renewable Energy Zones and offshore wind, and
 - \$4.7 billion to for transmission and Renewable Energy Zones in NSW.
- Capacity investment scheme, costing \$15m to facilitate \$10bn of investment in renewable energy projects in Victoria and South Australia.
- There is \$3bn allocated from the National Reconstruction Fund for investment in low emissions technologies including green metals.

- Establishment of the Net Zero Authority which will cost \$83.2m to promote orderly and positive economic transformation associated with decarbonisation and energy system change in regional areas, including support for impacted workers.
- \$1.4bn of the previously announced Powering Regions Fund has been allocated to three streams, trade-exposed safeguard facilities, industrial transformation and critical inputs to the energy transformation.
- \$14.5m to accelerate the development of the offshore renewable energy industry growth strategy and regulatory compliance activities.



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Other funding announcements

- There is approximately \$100m of funding being provided to the Australian Energy Regulator, Australian Competition and Consumer Commission and other funds over the forward estimates for compliance, enforcement, monitoring of coal and gas markets, gas pricing, reforms, projects, energy transformation, and reduce emissions.
- There are various measures totalling \$37.9m to support the Australian Resources Industry to support decommissioning, energy security and future changes to the industry.
- Funding has been provided to implement priority reforms to the operation of the Australian Carbon Credit Unit (ACCU) scheme as part of the Government's initial response to the Independent Review of ACCUs.
- Additional resourcing for ASIC to target greenwashing in financial markets.
- Funding has been allocated for the corporate climate disclosure requirements to be enacted that are expected to be required for certain companies in the near future.
- There is funding for a refresh of the White Paper on Developing Northern Australia.
- Report to be issued shortly by Jobs and Skills Australia on a Clean Energy Capacity Study to evaluate workforce needs and enable Australia to strategically plan for the skills needed for the transformation to a clean energy economy.



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We score it: **3.5/5**



The budget is like a middle-of-the-road cover band – it's a continuation of what we have heard it before.

