

May 21, 2024

Australian Government releases Future Gas Strategy and Future Made in Australia Plan

The Australian Government recently announced the Future Gas Strategy and the Future Made in Australia plan. Both the Future Gas Strategy and the Future Made in Australia plan are intended to attract investment in sectors that the Australian Government has identified as vital to the transition to net zero, promote Australia's energy security and ensure Australia's ability to remain competitive in a changing global economy.

The Future Gas Strategy is set to be implemented by mid-2024 to guide policymaking around gas development and production in Australia. The Future Made in Australia plan is a proposal for a framework the Australian Government plans to establish under future legislation. Implementation of the strategy may be accomplished by fine tuning current government policies, while implementation of the plan will require passage by federal parliament. In addition, even if enacted into law, it is proposed that key benefits under the Future Made in Australia plan will only apply from 2027.

Both the Future Gas Strategy and the Future Made in Australia plan have received positive feedback from companies and investors that may benefit from the policies, as well as Australian trading partners. However, the ability of the Australian Government to fully implement both the strategy and the plan may be impacted by those who are politically opposed to the proposals, particularly with an upcoming federal election that is required to be held by May 21, 2025.

Future Gas Strategy

The Australian Government announced the Future Gas Strategy on May 9. The strategy explains the principles the Australian Government plans to use to guide policymaking around gas production and consumption to support the transition to net zero by 2050. Some commentators have noted that the strategy

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reflects an acknowledgment by the government that there is a long-term role for gas that is consistent with Australia's plans for energy transition.

The Future Gas Strategy outlines six guiding principles that will inform the Australian Government's gas policies. These include (1) optimizing production and use of gas in order to achieve Australia's commitment to reaching net zero emissions by 2050, (2) ensuring that gas development and infrastructure are able to ensure supply and maintain affordability for end users, (3) enabling exploration and development while taking into account energy security, net zero emissions targets and environmental impacts, (4) shifting uses to industries and households where adopting substitute sources of energy may be difficult or impossible, (5) adapting markets and infrastructure during the energy transition and (6) supporting Australia's ambition to become a renewable energy superpower through new low emissions energy exports to support the energy security and decarbonization efforts of trade partners.

The Future Gas Strategy also highlights the significant potential in Australia for onshore and offshore carbon capture storage projects to contribute to decarbonization.

Future Made in Australia Plan

The Future Made in Australia plan was announced as part of the Australian Government's 2024-2025 budget. The budget includes A\$22.7 billion to support critical minerals producers and clean energy industries over a 10-year period. The plan is intended to promote Australia's energy security, as well as Australia's ambition to become a "renewable energy superpower."

Funding proposed under the Future Made in Australia plan is allocated to a number of different programs and sectors, including a new "front door" to facilitate increased investment, A\$3.2 billion to support the commercialization of renewable energy technologies, A\$6.7 billion of hydrogen production tax incentives and tax incentives worth A\$7.0 billion for the processing and refining of critical minerals. The plan also includes proposed funding for programs and schemes focused on hydrogen development, green metals production, integration of consumer energy resources into the grid, strengthening of battery and solar supply chains and development of critical and scientific capabilities.

The Future Made in Australia plan will be guided by a new National Interest Framework, which would be established under applicable legislation. The intent is for the framework to guide government decision-making on significant public investments. The government has indicated the framework will identify sectors either as making a significant contribution to achieving net zero or as promoting economic security and resilience.

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