

Fossil fuel subsidies in Australia 2024

Federal and state government assistance to major producers and users of fossil fuels in 2023-24

In 2023–24, Australian governments provided \$14.5 billion worth of spending and tax breaks to assist fossil fuel industries, a 31% increase on 2022-23. Subsidies in the forward estimates have increased from \$57 billion to a record \$65 billion, a sum 6.5 times greater than the Housing Australia Future Fund.

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Summary

Australia's subsidies to fossil fuel producers and major users from all governments totalled \$14.5 billion in 2023–24, increase of 31% on the \$11.1 billion recorded in 2022–23.

\$14.5 billion equates to \$27,581 for every minute of every day, or \$540 for every person in Australia.

Beyond the 2023–24 budget year, total budgeted fossil fuel subsidies over the forward estimates have reached \$65 billion.

This total is 16 times the balance of Australia's Disaster Ready Fund (as of December 2023), and 6.5 times greater than the Housing Australia Future Fund (HAFF). The total budgeted subsidies of the Federal Government alone is \$54 billion, or five times the HAFF.

The increase from \$11.1 billion in 2022-23 to \$14.5 billion in 2023-24 was driven largely by the Federal Government's Fuel Tax Credits Scheme (FTCS). The FTCS cost the Federal Budget \$9.6 billion in 2023–24, up from \$7.5 billion in 2022–23. This represents a return to trend growth in the FTCS as policies put in place in response to the Russia-Ukraine war ended. The FTCS is one of the top twenty most expensive items in the Federal Budget, worth more than spending on the Australian Army or Air Force. The FTCS, which is worth around \$1 billion to the coal industry alone, is Australia's single largest fossil fuel subsidy.

Other Federal items also contributed significantly to the overall growth in fossil fuel subsidies. Concessions on aviation fuel grew by \$430 million, or 36% to a total of \$1.6 billion. Concessions on the Petroleum Resource Rent Tax, which benefits major oil and gas producers, cost the Commonwealth an estimated \$165 million. In the NT, the Commonwealth Government is spending \$1.9 billion to assist the Middle Arm petrochemical hub in Darwin, and \$100 million to build roads explicitly for the onshore gas industry. In NSW, the Commonwealth-owned Australian Rail Track Corporation spent \$113 million on upgrading Hunter Valley coal railways to help "coal producers to...capitalise on global demand and high prices for thermal coal".

At state level, Queensland provided the highest level of subsidies \$1.6 billion in 2023-24 and longer-term commitments worth \$5.5 billion. The Queensland Government added significant new subsidies including:

- A \$21 million gas exploration subsidy that will provide grants "to unlock significant gas resources in the Bowen and Galilee basins."
- A \$520 million, six-year program to "drive emissions reductions, with a focus on the state's highest emitting metallurgical coal mines."

- Spending on abandoned underground coal gasification sites worth up to \$19.4 million.

Western Australia provided \$419 million in assistance to fossil fuel industries in 2023–24, with longer-term commitments worth \$1.1 billion. This is an increase on last year, mainly because of a significant increase in subsidies from the *Department of Jobs, Tourism, Science and Innovation*, particularly its *Investment Attraction Fund*, which funds “identified projects and sectors for strategic development including energy primary industries...”.

The NT Government provided \$531 million in assistance to the oil and gas industry in 2023–24, with longer-term commitments worth \$3.7 billion. However, this does not include the gas that the NT Government, in an announcement made in April 2024, agreed it would purchase from a controversial Beetaloo Basin gas project. This purchase would probably have been impossible without the hundreds of millions of dollars in gas-industry focussed road construction funded by the Commonwealth. The NT’s largest assistance measure comes via its Power and Water Corporation’s decades-long, loss-making agreement to buy and transport gas from Eni, a multinational oil company. These commitments are currently worth \$2.6 billion for gas purchases and \$674 million in pipeline commitments.

Victoria provided \$21 million in assistance to fossil fuel industries in 2023–24, with longer-term commitments worth \$84 million. Two things account for Victoria’s spending: the government department that provides data to the petroleum industry and oversees the CarbonNet carbon capture and storage project; and a land tax concession that is applied to mines, particularly coal mines, in the Latrobe Valley.

South Australia provided \$35 million in assistance to fossil fuel industries in 2023–24, with longer-term commitments worth \$186 million. The most significant spending relates to Port Bonython, a facility used by Santos, which is in the vicinity of proposed hydrogen production and export projects. Concerningly, the SA Government expects an increase in petroleum royalties, “with growth in future years supported by increased petroleum production”.

New South Wales provided \$60 million in assistance to fossil fuel industries in 2023–24, with longer-term commitments worth \$102 million. The NSW Coal Innovation Fund spent \$27 million, five times more than the previous year.

No fossil fuel subsidies were identified in the budgets of the Tasmanian or ACT governments.

Australia is not taking serious action on climate change. Instead, the majority of its governments continue to subsidise the fossil fuel industry and greenwash their poor climate policies. Cutting fossil fuel subsidies would not only help achieve genuine reductions in emissions, but would save money that could be spent on public services.

But the coming months bring new opportunities to change course. Budgets will soon be passed for the 2024-25 financial year, and elections will be held in the ACT, Northern Territory and Queensland. A federal election is due in the next 18 months. The costs of Australia's fossil fuel subsidies, both financial and environmental, and the opportunities that their phase out could present, should be front and centre of Australian policy debate.

Introduction

Greenwashing— the pretence that a company, government or other organisation is acting in a sustainable manner when in fact it is not – has become so widespread that that the Australian Senate is holding an inquiry into the practice,¹ and the Australian Competition and Consumer Commission has said it is “concerned” about it.² Recognising the problem, the Australia Institute has published several reports and submissions on Australia’s state-sponsored greenwash.³

This report discusses the fossil fuel subsidies that Australia’s state and federal governments attempt to hide with their greenwash. Greenwashing has become more prominent, perhaps because Australia’s fossil fuel subsidies are becoming more difficult to hide.

Fossil fuel subsidies obscure the true cost of polluting industries, and enable them to continue exploring for, extracting, and burning the coal, oil and gas that causes climate change. They reduce government revenue, which reduces the public’s capacity to respond to climate change and the many other challenges the 21st century is presenting. As the world works towards reducing global greenhouse emissions to mitigate climate change, the first thing governments should do is end fossil fuel subsidies.

But, as this report shows, Australian fossil fuel subsidies are increasing – they reached a record \$14.5 billion in 2023–24, up 31% from \$11.1 billion in 2022–23. This is driven by the largest subsidy, the Fuel Tax Credits Scheme, which is expected to keep growing along with Australia’s use of diesel and petrol.

But the Fuel Tax Credits Scheme is not the only fossil fuel subsidy that is increasing. Just a handful of other examples include:

- The Federal tax break on aviation fuel, which is up \$430 million, or 36%, as Australians are expected to fly more.
- The Northern Territory Government’s recently-announced publicly-subsidised gas deal, which adds to its existing multi-billion dollar gas industry subsidies.

¹ Senate Standing Committee on Environment and Communications (2024) *Greenwashing*, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing

² ACCC (2023) *ACCC 'greenwashing' internet sweep unearths widespread concerning claims*, <https://www.accc.gov.au/media-release/accc-greenwashing-internet-sweep-unearths-widespread-concerning-claims>

³ For example, Hemming, Campbell and Venketasubramanian (2022) *State-sponsored Greenwash*, <https://australiainstitute.org.au/report/state-sponsored-greenwash/>

- The Queensland Government’s \$520 million subsidy for coal mines to help them comply with emissions standards.
- The NSW Coal Innovation Fund, which spent almost five times more this year than it did in 2022-2023.

Even the South Australian Government states that it is expecting higher petroleum royalties in the future because it anticipates that oil and gas production will increase.

These are not the actions of governments that take the threat of climate change seriously. Climate policies such as the Safeguard Mechanism, vehicle fuel efficiency standards and the Net Zero Authority are far less effective in reducing emissions than Australia’s fossil fuel subsidies are in increasing them. These policies attract attention, but this is because they are new and promoted by government, not because they are effective. In contrast, most fossil fuel subsidies are not new, and they are certainly not promoted.

Australia’s fossil fuel subsidies are not new, and neither are attempts to quantify them. The first estimate was made in 1994 in a report by the National Institute of Economic and Industry Research (NIEIR). That report estimated the value of subsidies to the Australian energy sector to be \$1.995 billion.⁴ The University of Technology Sydney’s Institute for Sustainable Futures made several estimates around the turn of the century, with a range of between \$9.3 billion and \$10.1 billion estimated in a 2007 Greenpeace-commissioned study.⁵ More recent estimates include:

- The International Monetary Fund (IMF), which put the figure USD \$44 billion in 2020, including unpaid costs of air pollution and climate change.⁶
- The Organisation for Economic Co-operation and Development (OECD), which put the figure at \$12.4 billion in 2021.⁷
- The Productivity Commission, which estimated that \$1 billion was given to sectors that include fossil fuel activities in 2018–19.⁸

⁴ NIEIR (1996) *Subsidies to the use of natural resources*, <https://catalogue.nla.gov.au/Record/319092/Details>

⁵ Riedy (2007) *Energy and transport subsidies in Australia: 2007 update*, <https://apo.org.au/node/4203>

⁶ Parry et al (2019) *Still Not Getting Energy Prices Right: A Global and Country Update of Fossil Fuel Subsidies*, <https://www.imf.org/en/Publications/WP/Issues/2021/09/23/Still-Not-Getting-Energy-Prices-Right-A-Global-and-Country-Update-of-Fossil-Fuel-Subsidies-466004#:~:text=IMF%20Working%20Papers&text=Globally%2C%20fossil%20fuel%20subsidies%20were,percent%20of%20GDP%20in%202025>.

⁷ OECD (2022) *OECD Inventory of support for fossil fuels - Australia*, https://stats.oecd.org/Index.aspx?DataSetCode=FFS_FRA; OECD (2019) *Fossil Fuel Support Country note: Australia*, <http://www.oecd.org/fossil-fuels/data/>; and OECD (2018) *OECD Companion to the Inventory of Support measures for fossil fuels 2018*, https://read.oecd-ilibrary.org/energy/oecd-companion-to-the-inventory-of-support-measures-for-fossil-fuels-2018_9789264286061-en#page4

⁸ Productivity Commission (2020) *Trade and assistance review 2018-19*, <https://www.pc.gov.au/research/ongoing/trade-assistance/2018-19>

This range estimates demonstrates a key issue in any discussion about subsidies: different definitions of “subsidy” make a large difference to the final estimate. The largest estimates, such as those from the IMF, incorporate the uncompensated costs of climate, health and other environmental damage into the definition of fossil fuel subsidies. The lower estimates, like those from the Productivity Commission, take into account a much narrower range of assistance measures to fossil fuel producers, typically direct payments and the estimated value of trade barriers.

In some cases, identifying which budget items meet the criteria of a fossil fuel subsidy is straightforward—in particular, where their title suggests the that intended beneficiaries are fossil fuel industries (for example, Coal Innovation NSW). Other relevant items require further investigation, as their connection to fossil fuel-related activities may not be immediately apparent. This is particularly the case for infrastructure projects on which fossil fuel industries rely, such as rail and port projects. For example, funding for the Darwin Ship Lift is not, at face value, a fossil fuel subsidy. However, a close reading of the relevant budget paper clarifies that this money will assist oil and gas vessels.

The provision of infrastructure represents a major source of subsidies for fossil fuel industries. Australian Governments spend significant amounts of money on ports, railways, pipelines, power stations and other forms of infrastructure that assist in the production, transport and consumption of fossil fuels. While companies often pay to use this infrastructure, and the infrastructure’s management may return surplus money to the government that owns the asset, it is government-owned entities that take on the risk and pay up front costs. State treasuries are explicit as to how this provides benefits to the industry, and imposes costs on the community:

Some costs may be recovered by the government over time if they are directly industry related. However, there is a real opportunity cost for governments in undertaking the initial capital expenditure. Governments face budget constraints, and spending on mining related infrastructure means less infrastructure spending in other areas, including social infrastructure such as hospitals and schools. The opportunity cost of this use of limited funds is a real cost to government and the community. – Queensland Treasury.⁹

Western Australian Treasury calculated that in 2010 net present value terms, the estimated cost of its commitments to assist the North West Shelf project (e.g. payment of subsidies to the State’s power utility to help cover the losses it initially

⁹ Queensland Treasury (2014) *Queensland Treasury Response to Commonwealth Grants Commission 2015 Methodology Review*, https://www.cgc.gov.au/sites/default/files/documents/2015%20Review%20Report/General%20Consultation/Commission%20position%20and%20staff%20discussion%20papers/State%20responses/R2015%20-%20CGC%202013-05%20-%20CGC%202013-06-S%20-%20CGC%202013-07-S%20-%20CGC%202013-08-S%20-%20QLD%20Response.pdf?acsf_files_redirect

incurred under crucial ‘take or pay’ gas contracts) is estimated to be around \$8 billion. – Western Australian Treasury¹⁰

Our approach to calculating subsidies reflects the same logic as the Queensland Treasury: — if governments choose to allocate scarce resources to fossil fuel industries and not to other government priorities, this represents a subsidy to fossil fuels. The fact that user fees may later be collected does not change the fact that a government has directed resources to one project at the expense of another.

¹⁰ WA Treasury (2017) *Western Australia’s Submission to the Productivity Commission’s Inquiry into Horizontal Fiscal Equalisation*, https://www.pc.gov.au/__data/assets/pdf_file/0008/218564/sub015-horizontal-fiscal-equalisation.pdf

Methodology

Our estimates of the subsidies and other forms of assistance given to the fossil fuels industry for the 2023–24 budget year are based on items included in state and federal budget papers, as well as the annual reports of relevant departments and agencies. In the small number of cases that data for 2023–24 was not available, and the subsidy would continue to be provided, estimates were based on data taken from the relevant 2022–23 documents. Where appropriate, subsidy or assistance estimates were projected over the forward estimates by compiling multi-year funding packages for non-ongoing projects and capital value of long-term physical assets. Funding for fossil fuel projects or programs that have been announced since the publication of 2023–24 Federal, State and Territory Budget Papers have not been included in this analysis.

The value of industry assistance from ongoing programs—such as long-running tax breaks and established government departments—is taken as the sum of values estimated over the forward estimates. Omitting the longer-term value of such subsidies would result in the counterintuitive situation where the current 2023–24 budget item could be greater than its total/capital value. This method still produces a conservative estimate, as such programs may run for much longer than the next four years, and therefore cost much more. This is most relevant to the Fuel Tax Credits Scheme, which dominates overall results, as the 2023–24 Federal budget indicates that spending on the Scheme will continue to increase in the future. Ongoing programs and items are valued over four years— this includes the current budget year and three years of forward estimates, also known as outyears.

Our estimates include tax concessions that advantage major fossil fuel producers, and that are calculated in budget documents. This approach means the Federal Fuel Tax Credits Scheme is included (it applies only to certain fossil fuel users, and is calculated in budget documents), but the benefit to similar parties provided by the abolition of carbon pricing (no group pays an explicit carbon price, and the lost revenue is not calculated in budget documents).

All items of expenditure have been classified according to which fossil fuel industry it benefitted: coal, gas/oil or various. Items categorised as “various” provided support to several segments or referred to a larger industry investment. For example, many of Queensland’s ports import and export a combination of coal, oil, gas and other products, and have thus been categorised as “various”.

Subsidies were assessed as being wholly, primarily, or partly dedicated to these industries according to the following definitions:

- Wholly dedicated: for the singular purpose of supporting the consumption, extraction, processing, or transport of fossil fuel commodities. An example of this is

the Queensland government's \$29 million in funding for the Meandu coal mine, which supplies a state-owned power station.

- Primarily dedicated: the fossil fuel industry received tangible economic benefits from the spending but were not the exclusive beneficiaries. An example is the Queensland government's spending on Gladstone Port (referred to as Gladstone State Development Area), a large liquefied natural gas (LNG) and coal port that also handles some other commodities.
- Partly dedicated: the fossil fuel industry received a tangible economic benefit from the spending, but that benefit was not the primary aim of the project, or it was not clear which stakeholders received the primary benefit. Infrastructure projects often fall into this category as fossil fuel producers may be major—but not primary—users of these resources. For example, the Darwin Ship Lift, which is funded by the NT government and the Federal Northern Australia Infrastructure Facility, will partly benefit ships that service the offshore oil and gas industry, but is also aimed at defence and other marine services.

Cases where spending benefits the fossil fuel industry either incidentally, or at levels too low to be differentiated in official documents, were not included. For example, Victoria's mining exploration program could benefit coal or gas companies but appears to be aimed mainly at other minerals.

Some spending by government departments has been included where:

- The role of the department includes the provision of services (particularly geoscience information) or activities that incentivise and promote investment in and production of fossil fuels. Often these bodies also play a more basic regulatory role or promote not just fossil fuels but also the wider mining industry. In such cases, the spending is considered as only partly dedicated to fossil fuel assistance.
- We have identified a significant under-recovery of regulatory expenses. These include cases in which agencies incur significant costs for providing services to the fossil fuels industry. One clear example is the NT's onshore gas regulator: an independent inquiry in 2018 highlighted the regulatory body's costs and minimal revenue, but the situation has not been addressed despite getting an increased budget allocation. Similarly, Queensland Treasury highlights that "mining regulation expenses are now material".¹¹ Where regulators make minimal effort to recover such expenses and the under-recovery can be quantified, this has been included as a subsidy.

Generally speaking, we have considered funding for carbon capture and storage (CCS, sometimes including "use/utilisation and storage" and abbreviated as CCUS) as something

¹¹ Queensland Treasury (2020) *Queensland response to the Draft Report on the 2020 Methodology Review*, https://www.cgc.gov.au/sites/default/files/qld_submission_-_2020_review_draft_report.pdf

that is dedicated wholly to fossil fuel industries. While some climate research suggests CCS will be necessary to reduce emissions from sectors that are difficult to decarbonise, the intended purpose of most CCS projects funded by state and federal governments is to enable the continued operation of fossil fuel industries.

While hydrogen can be derived through a number of different methods – including though the use of renewable energy, by processing fossil gas and through gasification of coal – we have included funding for hydrogen as a partly dedicated fossil fuel subsidy unless it is specified that funding only applies to renewable-derived hydrogen.

Our estimates do not include the cost of environmental pollution or damage caused by the extraction and use of fossil fuels. This omission is not because these costs are unimportant, but because they are difficult to calculate, and are often contested. Furthermore, these wider costs are borne by the community and the natural environment, not just by governments directly. By concentrating on the official figures published in budget papers and similar documents, we have derived an estimate of how government subsidises the major producers and consumers of fossil fuels. This allows us to show how much revenue could be raised or saved if these decisions were reversed.

Overview of results

This section provides an overview of the combined total of subsidies given by Australian governments to the fossil fuels industry. It also discusses of the differences between jurisdictions. More specific details on the assistance provided by each individual government to the fossil fuel sector can be found in subsequent sections.

2023-24 FOSSIL FUEL SUBSIDIES

Every year Australian governments provide subsidies worth billions of dollars to fossil fuel producers and major users. As Table 1 shows, subsidies cost state, territory and federal governments in Australia a total of \$14.5 billion in 2023–24:

Table 1: 2023–24 fossil fuel subsidies by Federal, state and territory governments

	Spending measures (\$)	Tax concessions (\$)	Total assistance (\$)
Federal	229,954,000	11,573,000,000	11,802,954,000
QLD	710,685,000	916,600,000	1,627,285,000
WA	418,573,000	N/A	418,573,000
NT	531,193,000	N/A	531,193,000
VIC	21,000,000	N/A	21,000,000
SA	34,830,000	N/A	34,830,000
NSW	60,499,787	N/A	60,499,787
Total	2,006,734,787	12,489,600,000	14,496,334,787

Sources: Budget papers and annual reports of government entities



Another way of looking at the results in Table 1 is that every minute of every day in 2023–24, fossil fuel subsidies cost the public \$27,581. It represents \$540 for every person in Australia.¹²

Table 1 above shows that Federal Government tax concessions are the largest part of overall fossil fuel subsidies. The Fuel Tax Credits Scheme, which refunds fuel tax to specific users, makes up the majority of federal tax concessions. This subsidy represents one of the largest expenses in the Federal Government’s budget, costing almost \$9.6 billion in 2023–24, more than the expenses of the Army or the Air Force. The Fuel Tax Credits Scheme jumped up a place on the Federal Budget’s Top 20 programs by expenses, from 19th in 2022–23, to 18th

¹² ABS (2024) *National, state and territory population*, <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/sep-2023>

for 2023–24. The cost of the Fuel Tax Credits Scheme is likely to rise through the forward estimates.

The totals in Table 1 are a substantial increase on 2022–23, which saw a total of \$11.1 billion in budgeted assistance for fossil fuels. The increase was driven primarily by the Fuel Tax Credits Scheme, as well as Federal concessions on aviation fuel and a change in our methodology relating to Queensland rail concessions that benefit the coal industry. See Federal and Queensland sections for more detail.

CAPITAL VALUES AND FORWARD ESTIMATES

The results above refer only to fossil fuel subsidies incurred or provided by governments in 2023–24. However, most of the projects and programs to which these subsidies apply operate over the course of many years. Table 2 below combines the total value of specific projects and the forward estimates values of ongoing programs. See the methodology section for more explanation.

Table 2: Capital values and forward estimates

	2023–24 (\$)	2022–23 (\$)	2021–22 (\$)
Federal	54,323,286,500	49,685,341,000	48,008,200,000
QLD	5,516,591,000	1,757,165,000	1,959,942,000
WA	1,033,650,000	1,425,265,000	838,928,000
NT	3,723,595,000	3,593,147,000	3,656,542,000
VIC	84,000,000	281,600,000	364,800,000
SA	186,740,000	159,764,000	129,999,000
NSW	102,717,667	178,370,000	328,900,000
Total	64,970,580,167	57,080,652,000	55,287,311,000

Source: Budget papers, annual reports and tax expenditure documents



Table 2 shows that Australian governments have budgeted \$65 billion over the lifetime of fossil fuel projects and programs listed in 2023–24 budget papers. This represents a \$7.9 billion increase from the 2022–23 figure of \$57.1 billion, driven largely by the increased forward estimates of the Fuel Tax Credits as well as aviation fuel concessions and a methodological change around Queensland rail concessions.

By contrast with fossil fuel subsidies, the balance of Australia’s Disaster Ready Fund was \$3.98 billion in December 2023.¹³ In other words, total planned fossil fuel subsidies are 16.3 times larger than the nation’s disaster response fund.

¹³ Australian Government (2023) *Disaster Ready Fund*, <https://www.finance.gov.au/emergency-response-fund>

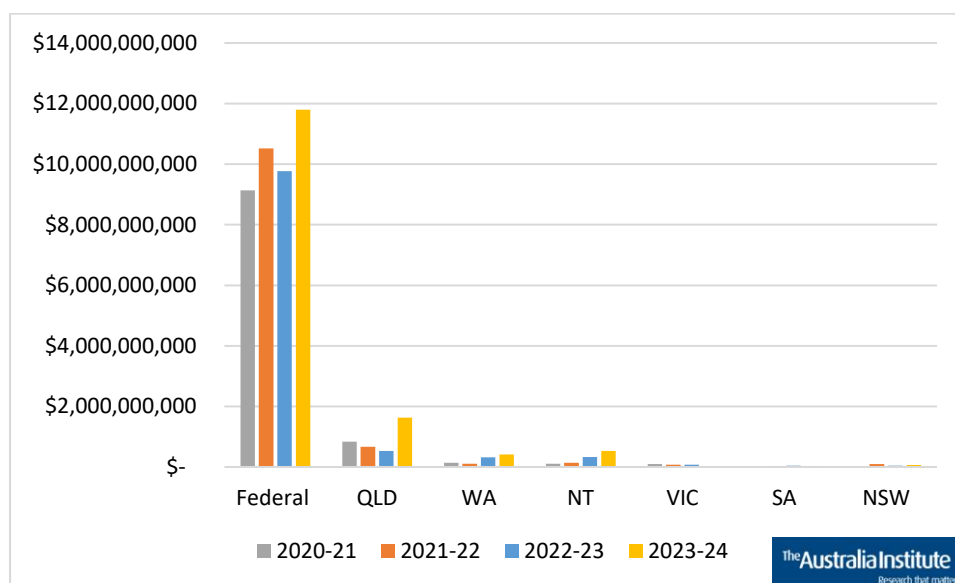
The Housing Australia Future Fund (HAFF) has been set up with an opening balance of \$10 billion.¹⁴ Planned fossil fuel subsidies are 6.5 times greater than the Federal Government has budgeted to spend on housing. The Federal Government’s own budgeted fossil fuel subsidies, \$54 billion in Table 2, are 5.4 times greater than the HAFF.

Table 2 shows that most of this total budgeted assistance comes from the Federal Government, due to the increasing cost of the Fuel Tax Credit. The Northern Territory has the second highest figure, due to multi-billion gas commitments made by its government-owned Power and Water Corporation. Queensland’s total value is driven by rail concessions and capital spending on its state-owned coal fired power stations and coal ports.

COMPARISON TO PREVIOUS YEARS

The 2023–24 total of \$14.5 billion represents a 30% increase from 2022–23’s total of \$11.1 billion. The subsidies provided each year are broken down by jurisdiction in Figure 1 below:

Figure 1: Fossil fuel subsidies 2020–21 to 2023–24 by jurisdiction



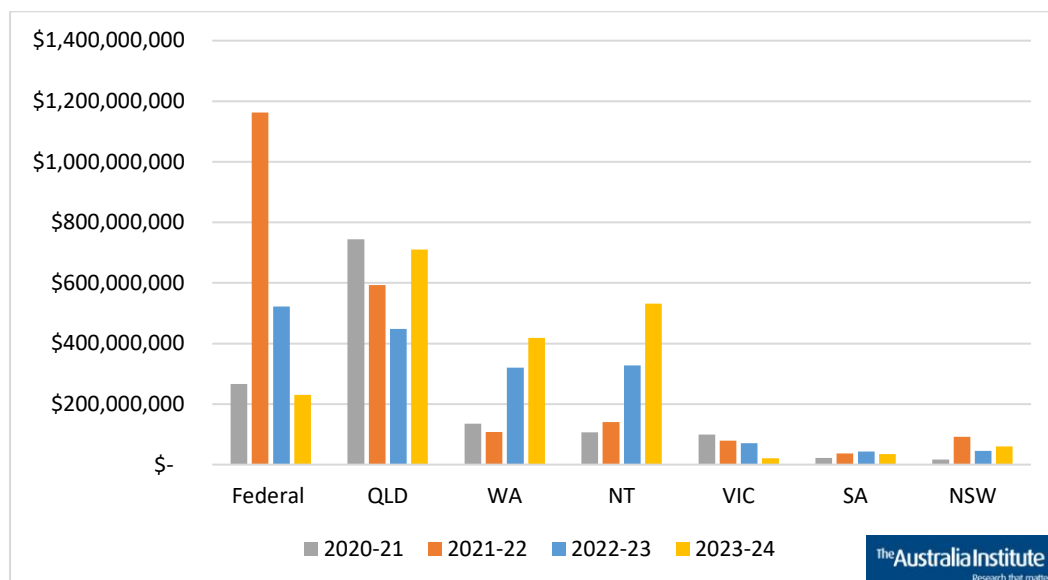
Sources: Budget papers and annual reports of government entities

Figure 1 shows the dominance of the Federal Government in fossil fuel assistance. As discussed above, this dominance is driven by the Fuel Tax Credits Scheme, which declined in 2022–23 due to policy changes, but has now resumed its earlier growth trend.

¹⁴ Australian Government (2023) *Housing Australia Future Fund*, <https://www.finance.gov.au/government/australian-government-investment-funds/housing-australia-future-fund>

As overall figures are heavily influenced by the Fuel Tax Credits Scheme, Figure 2 below removes all tax concessions from total figures, leaving only spending measures to compare between years and jurisdictions.

Figure 2: Total assistance by jurisdiction, 2020–21 to 2023–24 (excluding tax concessions)



Sources: Budget papers and annual reports of government entities

Figure 2 shows that beyond tax concessions, Federal Government subsidies to fossil fuel industries declined from \$1.16 billion in 2021–22 to \$522 million in 2022–23 and again down to \$230 million this year. Much of this change reflects the Morrison government’s “gas-fired recovery” programs and financing of major items such as the Darwin Middle Arm development, Hunter Power Station (gas-fired) and Olive Downs coal mine being removed from the Federal Government’s budget. However, these remain on the balance sheet of its related entities, in these instances Snowy Hydro and NAIF.

Figure 2 shows that Queensland provided the most assistance to fossil fuel industries in 2023–24 at \$711 million. This includes \$692 million spent on government-owned coal and gas power stations, coal mines and ports that export and import fossil fuels.

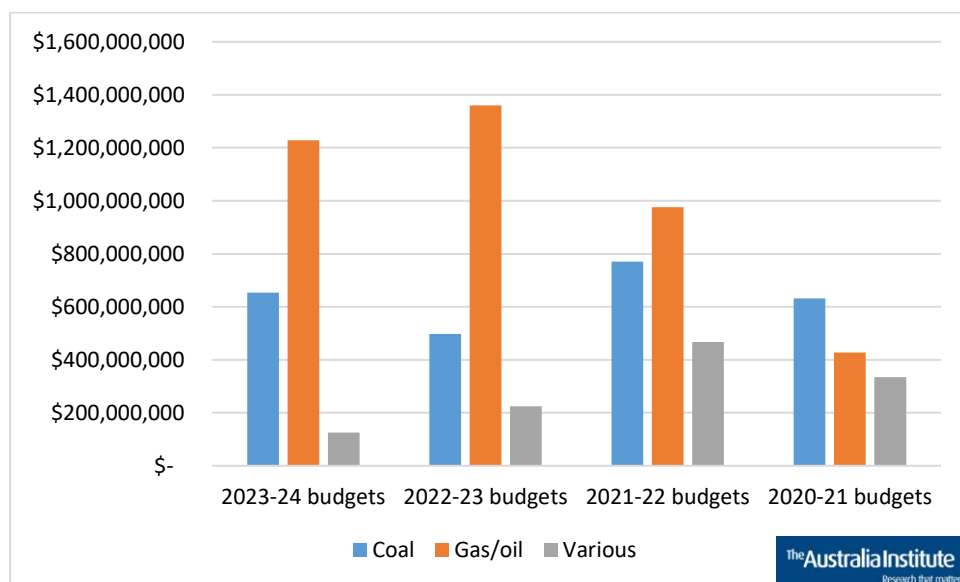
The dramatic increase in the Northern Territory largely reflects spending on port infrastructure partly benefiting the offshore gas industry, as well as gas industry-specific road funding that appears in the NT budget, although is largely funded by the Federal Government. The 2023–24 figures for the NT do not include its newly announced agreement to buy gas from the Beetaloo Basin.

As was the case in previous years, neither Tasmania nor the ACT had identifiable fossil fuel subsidies. While Tasmania has a mining exploration subsidy that has made grants to coal projects in the past, no fossil fuel subsidy was clear in the 2022–23 budget.

2023-24 SPENDING BY INDUSTRY

Fossil fuel subsidies were categorised according to industry segment: coal, gas/oil or various. As shown in Figure 3 gas and oil companies were the main beneficiaries of fossil fuel subsidies, when tax concessions are excluded.

Figure 3: Budget 2023–24 spending by industry segment, not including concessions



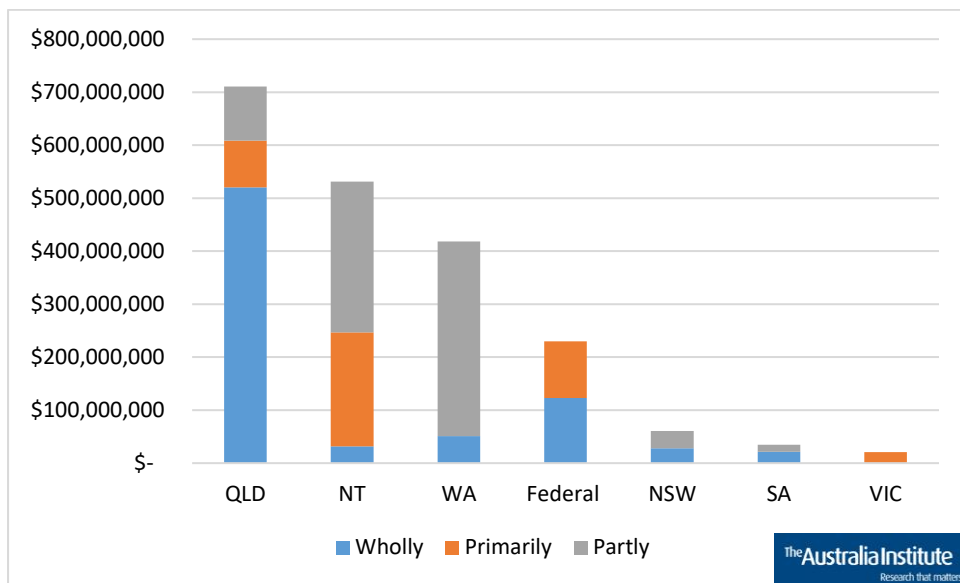
Source: Budget papers and annual reports

Figure 3 shows that in 2020–21, the coal industry received more subsidies than other industry segments, but in the following years the oil and gas industry is easily the largest recipient of fossil fuel subsidies.

2023-24 SPENDING BY DEDICATION

Budget spending was classified as wholly, primarily or partly dedicated to fossil fuels. Figure 4 shows total Federal, state and territory spending in 2023–24 by dedication, not including concessions.

Figure 4: Budget 2023–24 spending by dedication, not including concessions



Source: Budget papers and annual reports

Figure 4 shows that non-concessional subsidies are largely driven by Queensland’s spending on its coal fired power stations and coal ports, most of which is considered wholly dedicated to fossil fuel industries. Subsidies dedicated partly to fossil fuels are where the industry receives tangible economic benefits from the spending, but are not the exclusive beneficiaries. This is the case with much of the NT’s recent spending on port infrastructure as well as WA investment attraction funds.

Federal Government

In the 2023–24 Budget, the Federal Government provided \$11.8 billion worth of subsidies to fossil fuel producers and major consumers. The largest component of this assistance was tax concessions for major fossil fuel users through the Fuel Tax Credits Scheme. This subsidy was valued at \$9.58 billion. Other tax breaks on fuel excise and the Petroleum Resources Rent Tax (PRRT) account for a further \$1.99 billion.

The Federal Government also provided a total of \$230 million of non tax-based subsidies in 2023–24. Table 3 below sets out the costs of both tax-based and non tax-based subsidies, along with the total assistance provided to fossil fuel industries in 2023–24. (The equivalent figures for 2022–23 are also provided for comparison.)

Table 3: Federal Government fossil fuel subsidies 2022–23 and 2023–24

Dedication to fossil fuels	2023 24 Budget spending (\$)	2023 24 tax concessions (\$)	Total 2023 24 assistance (\$)	Total 2022 23 assistance (\$)
Wholly	123,075,000	11,518,000,000	11,641,075,000	9,331,433,333
Primarily	106,879,000	55,000,000	161,879,000	441,522,571
Partly	-	-	-	\$800,000
Total	229,954,000	11,573,000,000	11,802,954,000	9,773,755,905


Source: Federal Government Budget Papers 2022–23 and 2023–24, annual reports of Federal Government controlled entities, Tax expenditure and insights statement 

Table 3 shows that Federal Government assistance to the fossil fuel sector in 2023–24 is \$2.0 billion more than it was in 2022–23, driven by both the increase in the cost of the Fuel Tax Credits Scheme and aviation fuel concessions.

As shown in Table 4 below, over the longer term, the total estimated value of fossil fuel subsidies—including capital value and budget paper forward estimates for 2023–24 Federal projects and programs—is \$54.3 billion. This figure represents the amount that the Federal Government anticipates it will spend on projects and programs that were funded this year. This is an increase of nearly \$5 billion from last year’s total of \$49.7 billion, as shown in Table 4 below:

Table 4: Federal Government fossil fuel subsidies—total project/program funding

Dedication to fossil fuels	Total value 2023–24 (\$)	Total value 2022–23 (\$)
Wholly	51,460,400,000	46,910,166,667
Primarily	2,562,886,500	2,334,074,500
Partly	300,000,000	441,100,000
Total	54,323,286,500	49,685,341,167

Source: Federal Government Budget Papers 2022–23 and 2023–24, annual reports of Federal Government controlled entities, Tax expenditure and insights statement



As discussed below, these totals include the Albanese Government’s subsidy for gas export infrastructure at Middle Arm in Darwin, as well as Morrison government projects such as Snowy Hydro’s gas-fired Hunter Power station, now slated to cost \$950 million. Other government bodies such as the Northern Australia Infrastructure Fund and the Australian Rail Track Corporation continue to fund and invest in fossil fuel expansion.

TAX CONCESSIONS

Fuel Tax Credits Scheme

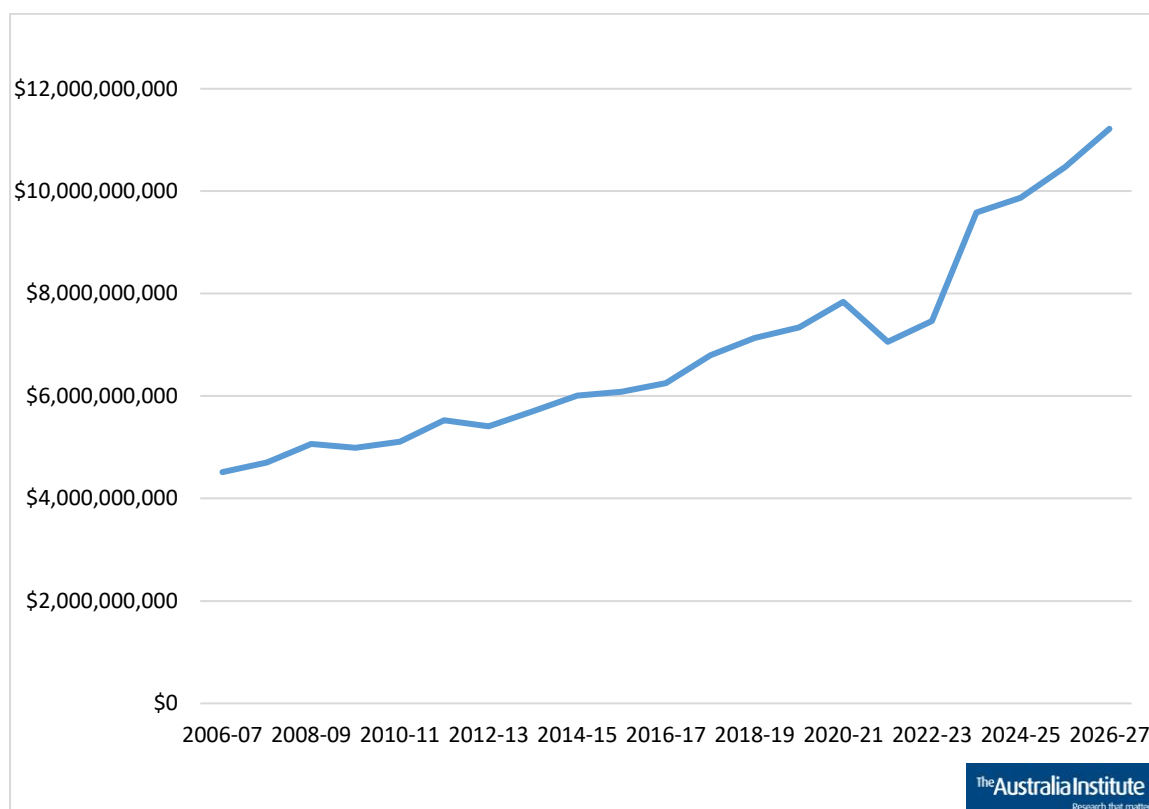
The biggest Federal Government fossil fuel subsidy is the Fuel Tax Credits Scheme. The scheme allows businesses to claim a tax credit on fuel used in machinery, vehicles over 4.5 tonnes and vehicles not used on public roads.¹⁵ This tax break works to make fossil fuel use cheaper for energy-intensive businesses, such as coal mines. It is not available to other businesses and individuals that use machinery and vehicles for productive use. Fuel tax is not linked to road funding,¹⁶ as is commonly suggested by recipients of this subsidy; they simply contribute to general revenue, like most other federal taxation. More information about the Fuel Tax Credits Scheme can be found in the accompanying report *Australia’s Fuel Tax Credits and the debate of fossil fuel subsidies*.

The cost of the Scheme has increased steadily over the years—nearly doubling from under \$5 billion until 2008–09 to \$9.58 billion in 2023–24. Further, rapid growth is expected in the coming years: as shown in Figure 5 below, the cost of the Scheme is forecast to reach \$11.22 billion in 2026–27:

¹⁵ ATO (2021) *Fuel tax credits – business*, <https://www.ato.gov.au/Business/Fuel-schemes/Fuel-tax-credits---business/>

¹⁶ The only exception is revenue related to the 2014 re-indexation of fuel excise, which is directed to the *Fuel Indexation (Road Funding) Special Account*. In 2023 this represented around 5% of fuel tax revenues. See Australian Government (2023) *Special accounts balances and cash flows report*, <https://www.finance.gov.au/special-appropriations-special-accounts>

Figure 5: Total cost of the Fuel Tax Credits Scheme per year



Source: Australia Taxation Office (2022) Taxation statistics 2019–20, Excise and fuel schemes, Table 4; Australia Government (2023) Budget Paper 1.

The impact of the pandemic on diesel consumption was only modest; the Morrison government’s decision to cut fuel excise by 50% in response to Russia’s invasion of Ukraine, and resulting energy price spikes, had a far larger effect the cost of the Scheme. Had the change not been made, the Scheme’s cost was expected to reach \$8.07 billion in 2021–22.¹⁷ Following the 2022 election, the Albanese Government kept fuel excise low, returning it to previous levels only in late 2022/early 2023.¹⁸

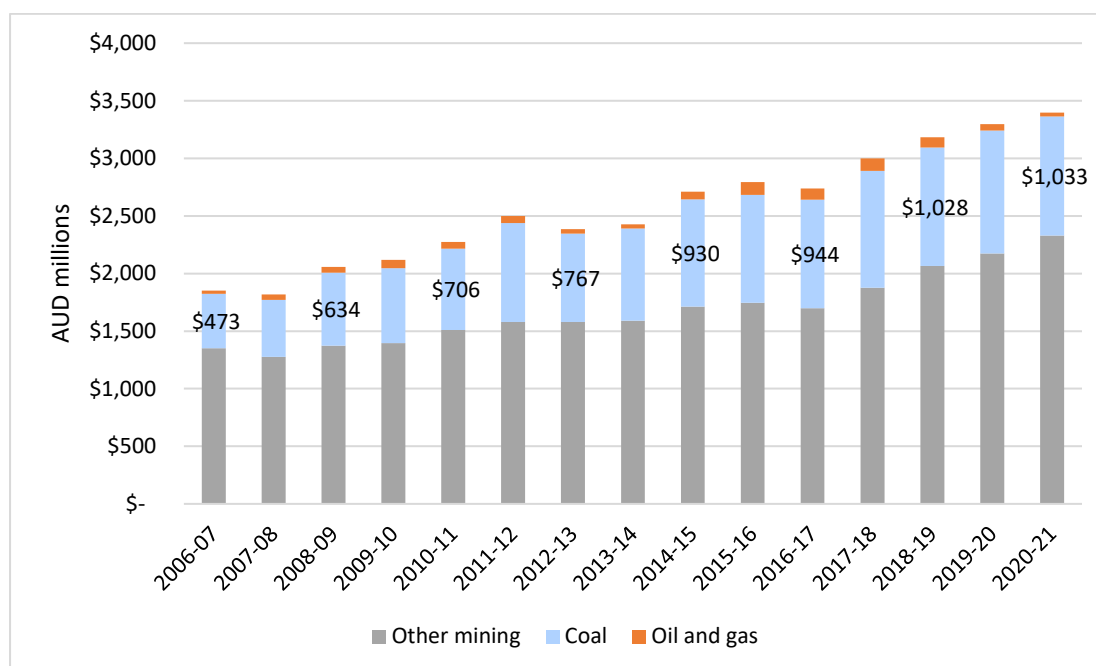
It was this change of fuel excise policy that caused the decline in the Fuel Tax Credit, not a decline in fossil fuel use or a reduction in fossil fuel subsidies. With the return to the full rate of fuel excise and with no policy to reduce Australia’s diesel use, the cost of the Fuel Tax Credits Scheme is budgeted to increase by 17% from 2023–24 to 2026–27.

The Fuel Tax Credits Scheme not only subsidises the consumption of fossil fuels; fossil fuel producers themselves are key beneficiaries of the subsidy. The total benefits to the coal industry between 2006–07 and 2020–21 are \$12.3 billion, as shown in Figure 6 below.

¹⁷ Australian Government (2023) *Budget strategy and outlook: Budget Paper 1*

¹⁸ ATO (2023) *Fuel tax credit rates*, <https://www.ato.gov.au/Business/Fuel-schemes/Fuel-tax-credits---business/Rates---business/From-1-July-2022-to-30-June-2023/>

Figure 6: Fuel tax credits and the mining industry



Source: Australia Taxation Office (2022) *Taxation statistics, Excise and fuel schemes*, Table 4

Figure 6 shows that as of 2020–21, the Fuel Tax Credits Scheme was worth over \$3 billion per year to the mining industry, with over \$1 billion going to the coal industry alone. Not surprisingly, the mining industry leads a campaign to maintain this lucrative subsidy.¹⁹

Other tax concessions

Fossil fuel producers and users receive exemptions from various taxes and excises. Such exemptions serve to reduce government revenue, and also to reduce incentives to minimise fossil fuel use and/or production. The cost of these concessions is estimated in the Tax Expenditures and Insights Statement prepared by the Federal Treasury.²⁰ For some items, Treasury estimates a range rather than a point estimate. In these cases, our estimates take the midpoint of the Treasury’s range.

¹⁹ Fuel Tax Credit Alliance (2020) *Fuel tax credits*, <http://fueltaxfacts.com.au/>

²⁰ Australian Government (2023) *2022-23 Tax Expenditures and Insights Statement*, <https://treasury.gov.au/publication/p2023-370286>

Table 5: Tax-based fossil fuel subsidies 2023–24, excluding the Fuel Tax Credits Scheme

Tax concession	Dedication	Industry segment	Estimated cost (\$)
Transport for oil rig and remote area employees exemption	Primarily	Gas/Oil	55,000,000
Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	Wholly	Consumption	1,620,000,000
Excise concessions for “alternative fuels” (including LPG and LNG)	Wholly	Consumption	150,000,000
PRRT—expenditure uplift rate	Wholly	Gas/Oil	55,000,000
PRRT—gas transfer price regulations	Wholly	Gas/Oil	55,000,000
PRRT—starting base and uplift rate for capital assets	Wholly	Gas/Oil	55,000,000
Total			1,990,000,000

Source: Tax Expenditures and Insights Statement, January 2024



The largest concession in Table 5 relates to aviation gasoline and turbine fuel. Civil aviation companies pay a lower rate of excise than other fuel users. Other discounts apply to “alternative fuels”, a category that includes liquified petroleum gas (LPG) and liquefied natural gas (LNG). As with the Fuel Tax Credits Scheme discussed above, these discounts involve lowering the price of fossil fuels for selected users, and in doing so, they reduce government revenue, transfer costs onto other parties, and reduce incentives to minimise fossil fuel use and related pollution.

This concession has increased substantially from \$1.19 billion in 2022–23 to \$1.62 billion in 2023–24, an increase of 36%. Forward estimate increases are similarly large. No explanation is provided, but the size of the concession is likely to grow with aviation fuel demand and prices, with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) expecting a 75% increase in jet fuel demand by 2050.²¹

The petroleum resource rent tax (PRRT) is levied on super profits generated from the sale of oil and gas. However, a range of concessions reduce the amount of PRRT paid by the industry, including credits for any tax losses, the use of a pricing method that undervalues gas, and deductions based on the value of project assets that can be carried forward and uplifted.

²¹ CSIRO (2023) *Fuelling Australia's future sustainable aviation industry*, <https://www.csiro.au/en/news/All/Articles/2023/August/sustainable-aviation-industry-australia>

BUDGETED SUBSIDIES AND COSTS

Working with the Australian Resources Industry on the Pathway to Net Zero

The program ‘Supporting Australia’s Resources’ has changed name this year to ‘Working with the Australian Resources Industry on the Pathway to Net Zero’. This program contains five measures that will assist fossil fuel industries, with a total 2023–24 budget of \$10.6 million. One part aims to “provide regulatory and administrative certainty for offshore carbon capture and storage projects to enable Australian industry to meet net zero targets whilst delivering domestic energy security and regional energy security”. An undisclosed amount will be spent on decommissioning the Northern Endeavour offshore oil and gas facility, which was abandoned by its former owners. No estimate is included in our totals relating to the Northern Endeavour, which is expected to be covered by a decommissioning levy charged on the offshore gas industry.

Geoscience Australia

Geoscience Australia’s *Building Australia’s resources wealth* program aims to “support investment in exploration and drive new discoveries including a more diverse suite of energy and mineral resources”.²² The funding for this program was \$6.8 million in 2023–24 and has been categorised as primarily dedicated to the oil and gas industry.²³

Gas Industry Social and Environmental Research Alliance (GISERA)

GISERA is a controversial research collaboration between state and federal governments, the gas industry, and the CSIRO. Its research integrity has often been called into question.²⁴ No exact funding figures are included in budgets or annual reports, but a GISERA fact sheet identifies \$13.7 million in Commonwealth funding; this figure has been included in total estimates above as wholly dedicated to the gas industry, with no 2023–24 estimate included.²⁵

²² Geoscience Australia (2023) Annual report 2022-23, p 16, <https://www.ga.gov.au/about/corporate-documents/annual-report>

²³ Geoscience Australia (2023) Annual report 2022-23, p 94

²⁴ See for example Ogge (2020) *CSIR...who? A closer look at recent research on coal seam gas environmental impacts*, <https://australiainstitute.org.au/report/csirwho-a-closer-look-at-recent-research-on-coal-seam-gas-environmental-impacts/>

²⁵ GISERA (2022) *About us*, gisera.csiro.au/wp-content/uploads/2022/05/21-00235_GISERA_FACTSHEET_AboutUs2pp-WEB.pdf

Northern Territory

The Federal Government is subsidising a range of measures that assist the oil and gas industry in the Northern Territory. These projects are further discussed in the NT chapter, although the following Federal funding is included in the estimates set out in Table 5 above:

- Assistance for a petrochemical hub at Middle Arm that will provide demand for NT gas projects;
- \$100 million to build roads explicitly for the onshore gas industry; and
- Marine infrastructure—including the Northern Australia Infrastructure Facility-supported ship lift—that will partly assist the offshore gas industry.

Snowy Hydro—Kurri Kurri Hunter Power Project

The Federal Government owns 100% of Snowy Hydro, which is building the gas-fired Kurri Kurri Hunter Power Project. The most recent cost estimate is \$950 million, and the project may not include a hydrogen component as previously promised.²⁶

Hunter Valley rail network—coal

The Federal Government-owned Australian Rail Track Corporation (ARTC) is responsible for the Hunter Valley coal rail network. The ARTC 2023 Annual Report states that the rail network transported 132 million tonnes of coal for export in 2022–23.²⁷ This was down from 154 million tonnes the previous year. The rail networks received \$113 million of capital investment in 2022–23. The report states that a key focus this year was helping “coal producers to...capitalise on global demand and high prices for thermal coal”.²⁸

CONCESSIONAL FINANCE

Export Finance Australia

Export Finance Australia (EFA)—previously Export Finance and Insurance Corporation (EFIC)—is Australia’s export credit agency. It has a long record of funding disastrous resource projects, including historic involvement in Papua New Guinea’s Ok Tedi mine and the Panguna mine that sparked the Bougainville civil war. More recently the organisation—and,

²⁶ Clennell (2023) *Kurri Kurri gas plant ‘a year behind schedule’ as costs soar above estimated price*, <https://www.skynews.com.au/business/energy/kurri-kurri-gas-plant-a-year-behind-schedule-as-costs-soar-above-estimated-price/video/9992ddc49904c6e93c3f1060264efd6d>

²⁷ Australian Rail Track Corporation (ARTC) (2023) *Annual Report 2022-2023*, p. 13, <https://www.artc.com.au/about/reports/annual-reports/>

²⁸ Ibid

therefore, Australian taxpayers—backed the PNG LNG project, which has contributed to armed conflict in PNG’s highlands and materially damaged PNG’s economy.²⁹

EFA has an overall exposure to the LNG industry of \$378 million, included as a total value wholly dedicated to fossil fuels.

Northern Australia Infrastructure Facility

The Northern Australia Infrastructure Facility (NAIF) is a \$5 billion fund that issues loans to infrastructure projects across sectors in northern Australia, including Queensland, Northern Territory and Western Australia.³⁰ It gained notoriety in 2016 due to links to the Adani coal project, and while it has since distanced itself from similarly controversial projects, it continues to issue subsidised loans to fossil fuel projects.

NAIF’s 2023 annual report includes funding to support the Perdaman Urea Project, which will be a major consumer for nearby gas projects. NAIF will assist with \$220 million in subsidised loans for related water and port infrastructure. This total value is considered wholly dedicated to fossil fuels.

NAIFs assistance to other fossil fuel projects is also included in our total figures:

- A \$168 million loan to the new Olive Downs Coal Mine;
- \$300 million in finance for the Darwin Ship Lift, which will partly assist the offshore oil and gas industry. (The balance of the project is funded by the NT government—see the NT section for more detail.);
- A \$16.8 million loan that was “integral” to the Onslow Marine Support Base, which services the offshore oil and gas industry; and
- A \$37 million loan to the owners of the gas-fired Hudson Creek Power Station in the NT.

²⁹ Fletcher & Campbell (2017) *Submission: Export Finance and Insurance Corporation Amendment (Support for Commonwealth Entities) Bill 2016 [provisions]*, <https://australiainstitute.org.au/report/export-financeand-insurance-corporation-amendment-support-for-commonwealth-entities-bill-2016-provisions/>; Fox (2018) *Papua New Guinea’s massive LNG project fails to deliver on economic promises*, <https://www.abc.net.au/news/2018-04-30/png-lng-project-fails-to-deliver-on-economic-promises/9710136>.

³⁰ NAIF (n.d.) *Investing for impact across the north*, <https://naif.gov.au/>

Queensland

Queensland produces the most coal of any state and more gas than every state except Western Australia.³¹ Queensland also has most operational coal mines.³² Of the 56 new coal projects listed on the Australian Government’s Major Projects list, 38 are in Queensland.³³

The Queensland Government, via various state-owned corporations, owns and operates coal and gas-fired power generators, coal mines and is even developing a new gas field. It is these assets that receive the bulk of the Queensland Government’s spending on fossil fuel subsidies and assistance, which in 2023–24 totalled \$711 million as shown in Table 6 below:

Table 6: Queensland Government 2023–24 fossil fuel subsidies

Dedication to fossil fuels	2023–24 Budget spending (\$)	Concessions (\$)	Total 2023–24 assistance (\$)
Wholly		N/A	520,477,000
	520,477,000		
Primarily		47,300,000	135,160,000
	87,860,000		
Partly		869,300,000	971,648,000
	102,348,000		
Total	710,685,000	916,600,000	1,627,285,000

Source: Queensland Government (2023) Budget Papers 2023-24



Table 6 also lists ‘concessions’. This is a somewhat unique feature of Queensland’s budget, which lists the cost of under-pricing of state services. Concessions relevant to fossil fuel industries include the services of the major coal and gas export ports and rail infrastructure used by the coal industry. As shown in Table 1, the concessions sum to \$917 million, with \$869 million of this relating to rail network infrastructure funding.

Note that treatment of rail infrastructure spending and concessions has changed in this year’s edition of this report, discussed under the ‘rail’ heading below. This makes comparison difficult with Queensland’s 2022–23 fossil fuel assistance totals (\$448 million in

³¹ Australian Government – Department of Climate Change, Energy, the Environment and Water (2023) *Australian Energy Update 2023*, Table I: Australian production of primary fuels, by state and territory, physical units, <https://www.energy.gov.au/publications/australian-energy-update-2023>

³² Australian Government - Department of Industry, Science and Resources (2023), p. 51, 61, *Resources and Energy Quarterly - September 2023*, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-september-2023>

³³ Australian Government – Department of Industry, Science and Resources (2023) *Resources and energy major projects: 2023*, <https://www.industry.gov.au/publications/resources-and-energy-major-projects-2023>

spending, \$84 million in concessions for a total of \$532 million). Nevertheless, direct spending alone has increased by 59%.

The total estimated value, including capital values of non-ongoing projects and forward estimates for ongoing 2023–24 projects and programs, is \$5.5 billion, shown in Table 7 by dedication to fossil fuels. This is the amount that the Queensland Government anticipates it will spend in the longer term on projects that were funded this year.

Table 7: Queensland Government total value of 2023–24 projects/programs

Dedication to fossil fuels	Capital values/forward estimates (\$)
Wholly	1,158,400,000
Primarily	451,221,000
Partly	3,906,970,000
Total	5,516,591,000

Source: Queensland Government (2023) Budget Papers 2023-24



The total in Table 7 is also affected by the methodology change regarding rail infrastructure, making comparison difficult with last year’s result of \$1.8 billion.

Despite the methodology change preventing precise comparison, fossil fuel subsidies in Queensland have clearly increased, driven by costly repairs to the coal-fired Callide Power Station, which was damaged in an explosion in 2021, as well as significant outlays to construct the new Brigalow Peaking Power Plant.³⁴ Ongoing maintenance of other coal-fired power stations – including Kogan Creek Power Station (coal), Stanwell Power Station (coal) and Tarong Power Station (coal) – also drove up subsidies. Some new fossil fuel subsidies have also contributed, particularly a program to fund reduced methane emissions from coal mines.

NEW QUEENSLAND FOSSIL FUEL SUBSIDIES

Several new subsidies have been added to this report for the first time, although they may have existed in earlier Queensland Budgets.

- The Frontier Gas Exploration program will cost \$21 million over two years. This program will provide grants “to support appraisal activities to unlock significant gas resources in the Bowen and Galilee basins.”³⁵
- The Low Emissions Investment Partnerships Program will provide \$520 million over six years to “drive emissions reductions, with a focus on the state’s highest emitting

³⁴ Evans (2023) ‘Callide coal catastrophe delays demand an explanation’, *The Australian*, <https://www.theaustralian.com.au/business/mining-energy/callide-coal-catastrophe-delays-demand-an-explanation/news-story/af39498845438227d356c7b7d49f9dea>

³⁵ Queensland Government (2023) *Budget Paper 4: Budget Measures*, p79

metallurgical coal mines.”³⁶

- Queensland’s Abandoned Mine Sites Program will spend \$19.4 million over two years, primarily to “continue decommissioning activities at the underground coal gasification project sites at Hopeland (formerly Linc Energy) and Bloodwood Creek (formerly Carbon Energy).”³⁷

COAL MINES AND POWER STATIONS

Swanbank E Power Station

Swanbank E is a 385 MW gas-fired power station operated by state-owned CleanCo in South East Queensland.³⁸ Swanbank E was mothballed in 2014 but brought back online in 2017 with financing from the Queensland Government.³⁹ In March 2023, the Queensland Government announced plans to transform Swanbank E into a Clean Energy Hub, which will include green hydrogen infrastructure.⁴⁰ This year’s budget allocates \$12.9 million to Swanbank E (up from \$4.3 million in 2022–23) for overhauls, maintenance and upgrades of generator units, including preparing for an overhaul of the gas turbines. It is not yet clear if these turbine upgrades will allow the plant to run on 100% hydrogen, or merely allow it to run on a blend of gas fuels, including some hydrogen. As there is currently nowhere near sufficient supply of green hydrogen, it is most likely that these turbine upgrades will simply facilitate continued use of natural gas, and possibly some gas-derived “grey” hydrogen, this project has been classified as primarily dedicated to fossil fuels. CleanCo have also been allocated \$41.5 million to build and install battery storage at the Swanbank site – this funding is not a fossil fuel subsidy.

Kogan North Gas Field

Gas from the Kogan North Gas Fields in the Darling Downs Region will supply Swanbank E gas-fired power station, operated by CleanCo.⁴¹ The development is a joint venture between

³⁶ Ibid, p161

³⁷ Ibid, p79

³⁸ CleanCo Queensland (n.d.) *Factsheet Swanbank E Power Station*, https://cleancoqueensland.com.au/wp-content/uploads/Documents/Assets_and_Projects/Factsheet_Swanbank-E.pdf

³⁹ Morrison (2021) *Queensland writes off Swanbank E gas-fired power plant*, <https://www.argusmedia.com/en/news/2184709-queensland-writes-off-swanbank-e-gas-fired-power-plant>

⁴⁰ The Hon Mick de Brenni, Mr Lance McCallum (2023) *250MW Swanbank Battery as SEQ joins Clean Energy Hub revolution*, <https://statements.qld.gov.au/statements/97331>

⁴¹ CleanCo Queensland (2021) *CleanCo Annual Report FY21*, <https://www.cleancoqld.com.au/wp-content/uploads/2021/09/CleanCo-Annual-Report-20214.pdf>

CleanCo and Arrow Energy, agreed in October 2020.⁴² The budget allocates \$29.6 million to the project, classified as wholly dedicated to fossil fuels, more than double the previous year's \$13.6 million.

CS Energy - Callide, Kogan Creek, and Brigalow

Callide Power Station is a 1,525 megawatt (MW) black coal-fired power station in Biloela, Central Queensland, operated by government-owned CS Energy.⁴³ Callide Power Station comprises three power stations – Callide A, Callide B and Callide C – that deliver energy to the National Electricity Market.

In May 2021, an explosion and fire at unit C4 at Callide C Power Station caused widespread blackouts affecting almost 500,000 homes for several hours from southern Queensland to Cairns.⁴⁴ Callide C is one of the state's newest power stations, a "supercritical" plant built in 2001, which broke down eight times in 2020.⁴⁵ Energy lost in the blackout was replaced by energy from the Wivenhoe pumped-hydroelectric power station and Swanbank E gas-fired power stations.⁴⁶

In September 2021, after the failure of unit C4, CS Energy reported a net loss of \$266 million and paid no dividends to the government in 2022–23.⁴⁷ C4 is not expected to come back online until July 2024, having been delayed from a previously announced date of May 2023.⁴⁸

The 2023–24 budget allocates \$185 million to Callide Power Station for "overhauls, enhancements and refurbishments to existing infrastructure", up from \$45 million in 2022–23.

⁴² Ibid.

⁴³ CS Energy (n.d.) *Callide Power Station*, <https://www.csenergy.com.au/what-we-do/generating-energy/callide-power-station/callide-power-station>

⁴⁴ Smee (2021) *Queensland power plant explosion causes mass outages across state*, <https://www.theguardian.com/australia-news/2021/may/25/queensland-power-plant-explosion-causes-mass-outage>

⁴⁵ Smee (2021) *Coal-fired power plant that caused Queensland blackouts broke down eight times in past year*, <https://www.theguardian.com/australia-news/2021/may/26/coal-fired-power-plant-that-caused-queensland-blackouts-broke-down-eight-times-in-past-year>

⁴⁶ Smee (2021) *Coal-fired power plant that caused Queensland blackouts broke down eight times in past year*

⁴⁷ Peel (2021) *Queensland energy generator dividends slump*, <https://www.theaustralian.com.au/nation/politics/queensland-energy-generator-dividends-slump/news-story/8f29a7e8a6e37065362ec0ee3784a03b>

⁴⁸ CS Energy (n.d.) *UPDATE ON PROGRESS IN RETURNING CALLIDE C POWER STATION TO SERVICE*, <https://www.csenergy.com.au/news/update-on-progress-in-returning-callide-c-power-station-to-service>; Ludlow (2023) *Still no answer to 'catastrophic failure' at Callide power station*, <https://www.afr.com/companies/energy/still-no-answer-to-catastrophic-failure-at-callide-power-station-20230125-p5cfha>

Kogan Creek Power Station is a 750 MW black coal power station in South West Queensland.⁴⁹ Kogan Creek Mine supplies Kogan Creek Power Station, with ROM coal production of 2.8 Mtpa.⁵⁰ The budget allocates \$20.1 million to Kogan Creek Power Station and \$14.4 million to Kogan Creek Mine, totalling \$34.5 million classified as wholly dedicated to fossil fuels.

CS Energy has also begun development, on behalf of the Queensland Government, of the Brigalow Peaking Power Plant, adjacent to the Kogan Creek Power Station.⁵¹ The budget allocates \$33.4 million in 2023–24 to this project, a project with an expected total value of \$190 million. Within this total is \$85.5 million from the Queensland Renewable Energy and Hydrogen Jobs Fund, which has been classified as primarily dedicated to fossil fuels.⁵² The Queensland Renewable Energy and Hydrogen Jobs Fund is a \$4.5 billion dollar fund, and this overall figure is not treated as a fossil fuel subsidy; this smaller payment, however – where a payment from the Fund is going toward a primarily-fossil fuel energy project – is.⁵³ This gas peaking plant is described as “hydrogen ready”, being designed to allow for a blended fuel mix of up to 35% hydrogen and 65% natural gas.⁵⁴ Hydrogen will be supplied by the nearby Kogan Creek Renewable Hydrogen Demonstration Plant, but this plant only has a 1MW electrolyser. Compared to the 400MW capacity of the peaking plant, it would seem unlikely that this plant will deploy green hydrogen in quantities use anywhere near its technically-possible 35/65 blend. Instead, it will rely on an extension to the natural gas Roma-to-Brisbane Pipeline to provide its main fuel source.⁵⁵ The Plant may also use grey or black hydrogen if available. Being derived from natural gas and/or coal, these forms of hydrogen are also fossil fuels. As the fraction of green hydrogen involved in this project is likely to be very small, we have classed the expenditure on this peaking plant as primarily a fossil fuel subsidy.

The Queensland Government has also put \$1.1 million toward the Kogan hydrogen plant – with the total project cost being \$15 million. While this has not been included as a fossil fuel subsidy in this report, it is worth noting that this small green hydrogen plant is playing a more important role in greenwashing a new fossil fuel project (Brigalow), rather than providing a meaningful contribution to renewable energy generation.

⁴⁹ CS Energy (n.d.) *Kogan Creek Power Station*, <https://www.csenergy.com.au/what-we-do/thermal-generation/kogan-creek-power-station>

⁵⁰ CS Energy (2016) *Overview of Kogan Creek Mine*, <https://www.csenergy.com.au/who-we-are/reports-and-publications/all-reports-and-publications?dfaction=search&dfdtitle=kogan%20creek>

⁵¹ Queensland Government (2023) ‘Queensland’s first hydrogen ready power plant to use GE technology’, <https://statements.qld.gov.au/statements/99113>

⁵² Queensland Government (2023) *Budget Strategy and Outlook*, p. 161, https://budget.qld.gov.au/files/Budget_2023-24_Strategy_Outlook.pdf

⁵³ Queensland Government – Treasury (2022) *Queensland Renewable Energy and Hydrogen Jobs Fund*, <https://www.treasury.qld.gov.au/programs-and-policies/queensland-renewable-energy-and-hydrogen-jobs-fund/>

⁵⁴ CS Energy (n.d.) *BRIGALOW PEAKING POWER PLANT*, <https://www.csenergy.com.au/what-we-do/firming-and-storage/brigalow-peaking-power-plant>

⁵⁵ CSIRO (2023) *Brigalow Peaking Power Plant (Renamed Project and Fully Updated)*, <https://research.csiro.au/hyresource/brigalow-peaking-power-plant/>

The Queensland Government has also announced a skills study at Kogan Creek, with a view to develop the industry workforce for future hydrogen energy.⁵⁶

Stanwell Power Station

Stanwell Power Station is a 1,460 MW coal power station that supplies electricity to the National Electricity Market, using black coal sourced from the Curragh Mine in Blackwater, Central Queensland.⁵⁷

In April 2021, Stanwell Corporation revealed plans to transition away from fossil fuels and towards renewables, including trying to increase flexibility of supply and the possibility of coal generating units being taken offline for parts of the year.⁵⁸

The Budget allocates \$60.9 million to Stanwell Power Station to replace and refurbish existing infrastructure, which is up from \$50.4 million in 2022–23.

Meandu mine & Tarong Power Station

Meandu coal mine is operated by state-owned Stanwell and services Stanwell's coal-fired Tarong Power Stations. Meandu has five working pits and produces up to seven million tonnes of coal each year.⁵⁹ Meandu mine is also used to deposit ash waste from Tarong Power Stations.⁶⁰ Stanwell committed to expand Meandu mine in August 2021, increasing pit size by 7% but maintaining the mine's total production rate, to ensure feedstock for Tarong and Tarong North power stations.⁶¹ The budget allocates \$29.5 million to Meandu Mine, classified as wholly dedicated to fossil fuels – up from \$21 million un 2022–23.

Tarong Power Stations are among Queensland's largest electricity generating sites, comprised of four units each capable of producing 350 MW and a 443 MW unit.⁶² In December 2020, Stanwell Corporation wrote down the value of both Tarong Power Stations and Stanwell Power Station by a total \$719.5 million.⁶³ The budget allocates \$77.2 million,

⁵⁶ Queensland Government (2023) *Hydrogen skills study underway at Kogan Creek*, <https://statements.qld.gov.au/statements/97087>

⁵⁷ Stanwell (n.d.) Stanwell Power Station, <https://yhejitl3sl24wn203q4vn14z-wpengine.netdna-ssl.com/wpcontent/uploads/FactSheet-Stanwell-MAY-2018.pdf>

⁵⁸ Smee (2021) *Australia's third-largest carbon emitter says it must transition to renewables and curtail coal plants*, <https://www.theguardian.com/australia-news/2021/apr/21/stanwell-corporation-australia-third-largest-carbon-emitter-says-it-must-transition-to-renewables-and-curtail-coal-plants>

⁵⁹ Stanwell (n.d.) Meandu Mine, <http://www.stanwell.com/wp-content/uploads/Fact-sheet-Meandu-MineAUGUST-2016.pdf>

⁶⁰ Ibid.

⁶¹ Hunt (2021) *Stanwell to expand Meandu coal mine*, <https://www.miningmonthly.com/life-cycle-end-of-life-management/news/1415088/stanwell-to-expand-meandu-coal-mine>

⁶² Stanwell (n.d.) *Our power stations*, <https://www.stanwell.com/energy-assets/our-power-stations/>

⁶³ Mazengarb (2020) *Queensland budget delivers \$500m renewables fund, as coal plant revenues slump*

up from the previous year's \$66.7 million, to Tarong Power Station for the replacement and refurbishment of existing infrastructure, classified as wholly dedicated to fossil fuels.

PORTS

Fossil fuel subsidies in the budget include funding for a number of ports in Queensland. Queensland's port sector is a significant recipient of budget infrastructure funding to support both imports and exports. Port-related budget funding is granted to the Port of Townsville Limited, Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited and North Queensland Bulk Ports Corporation Limited. These port companies manage both fossil fuel (gas, coal, oil/petroleum products) and non-fossil fuel imports and exports, such as timber, sugar, cargo, agricultural and food products, and minerals.

Far North Queensland Ports Corporation Limited

Far North Queensland Ports Corporation Limited, trading as Ports North, owns and manages the Port of Cairns and other small ports in Far North Queensland, and trades a range of products. In the 2021–22 financial year, Port of Cairns imported over 500,000 tonnes of petroleum products.⁶⁴ Funding of \$5.9 million in the budget for Far North Queensland Ports Corporation is partly dedicated to fossil fuels and goes to general cargo consolidation, plant, equipment, minor works and site decontamination, increased from \$1.4 million in 2022–23.

Gladstone Ports Corporation Limited

Gladstone Ports Corporation Limited operates the Port of Gladstone and Port Alma. Fossil fuel trade occurs primarily through the Port of Gladstone, which is by far the largest of all Gladstone ports. Coal and LNG make up 91% of exports from the Port of Gladstone while also importing a small amount of LP gas, petroleum coke and other petroleum products.⁶⁵ Relevant funding for Gladstone Ports Corporation goes to RG Tanna Coal Terminal Projects (\$85 million, classified as wholly dedicated to coal), as well as information systems projects, pilot projects, and plant, equipment, and minor works totalling \$18 million, classified as primarily dedicated to fossil fuels.

⁶⁴ Ports North (2023) *Ports North Annual Report 2022 | 2023*, p 17, <https://documents.parliament.qld.gov.au/tp/2023/5723T1464-ED43.pdf>

⁶⁵ Gladstone Ports Corporation Limited (2023) *Cargo Statistics Selections*, <https://content3.gpcl.com.au/viewcontent/CargoComparisonsSelection/>

North Queensland Bulk Ports Corporation Limited

North Queensland Bulk Ports Corporation operates the Ports of Mackay, Weipa, Abbot Point and Hay Point. Hay Point is the largest metallurgical coal export port in the world and Abbot Point is the Australia's northern most coal export port.⁶⁶ Petroleum is the largest throughput for the Port of Mackay.⁶⁷ Overall trade through North Queensland Bulk Ports increased by 4.8% in 2022–23, with coal making up 88% of throughputs for all North Queensland Bulk Ports. 80% of coal exports through the Ports are metallurgical coal and 20% is thermal coal.⁶⁸

Fossil fuel funding in the budget goes to projects for Abbot Point, Hay Point and the Port of Mackay for general development, business improvements and a range of small projects including dredging. Works on the Middle Breakwater fuel line at the Port of Mackay are designed to increase resilience of refuelling services to storm damage.⁶⁹ Funding for Abbot Point and Hay Point projects are classified as wholly dedicated to fossil fuels, while other projects are classified as primarily or partly dedicated to fossil fuels. Funding for the Louisa Creek Acquisition Program is also included – the Louisa Creek residential area near Hay Point is soon to have a number of houses demolished to allow for expansion works.⁷⁰ Fossil fuel subsidies for North Queensland Bulk Ports Corporation is \$18.5 million in the budget, increased from \$8.7 million in 2022–23.

Port of Townsville

The Port of Townsville is a major Queensland port, through which companies including Shell, Mobil, Caltex, BP, Ampol, Amco, HC Sleigh and Vacuum Oil Pty have been importing oil and petroleum products since the 1930s.⁷¹ The Port of Townsville imports and exports a range of products, including cement, vehicles, sugar, timber, agricultural products and minerals.⁷² Liquid fuel was the largest import in 2022–23, comprising 51% of total imports, up 9% from

⁶⁶ North Queensland Bulk Ports Corporation (2023) *North Queensland Bulk Ports Annual Report 2022/23*, https://nqbp.com.au/__data/assets/pdf_file/0024/39750/NQBP-annual-report-2022-23.pdf

⁶⁷ North Queensland Bulk Ports Corporation (2023) *North Queensland Bulk Ports Annual Report 2022/23*; North Queensland Bulk Ports Corporation (2024) *Throughputs*, <https://nqbp.com.au/trade/throughputs>

⁶⁸ Ibid.

⁶⁹ North Queensland Bulk Ports Corporation (2023) *Port of Mackay Community Reference Group meeting*, https://nqbp.com.au/__data/assets/pdf_file/0020/39215/Mackay-CRG-Presentation-9-March-2023.pdf

⁷⁰ Petith & Miko (2022) *From 200 to 31 homes: The town that may soon disappear*, <https://www.couriermail.com.au/news/queensland/mackay/nqbp-to-demolish-8-louisa-creek-homes-for-coal-terminal-expansion/news-story/b2a1cdaab722df70561790bb207f8ab4>

⁷¹ Port of Townsville (n.d.) *Port History*, <https://www.townsville-port.com.au/about/port-history/>

⁷² Ibid.

2020–21.⁷³ The Townsville Hydrogen Hub for green hydrogen is also currently in its early stages, and will use Port of Townsville infrastructure.⁷⁴

The channel capacity upgrade remains the largest fossil fuel subsidy to the Port of Townsville as it has for the past three years. This year's allocation of \$60.7 million, has increased by about a quarter from last year's \$47.8 million. The channel capacity upgrade is classified as partly dedicated to fossil fuels. The Townsville Channel Capacity Upgrade (TCCU) will deliver 62 hectares of reclaimed land for port operations and widen the shipping channel to allow access to larger vessels and increase trade capacity for the region. The TCCU has also previously received funding from the Australian Government.

Other funding for the Port of Townsville goes to plant, equipment and minor works, road network upgrades and wharf facilities upgrades, all classified as primarily for fossil fuels totalling \$11.3 million.

INDUSTRIAL PRECINCTS

Gladstone State Development Area

The Gladstone State Development Area connects major rail and roads to processing facilities and ports for large industrial activities, including a number of fossil fuel-related activities. The Gladstone State Development Area includes Australia Pacific LNG, Santos Gladstone LNG, Queensland Curtis LNG and Southern Oil's northern oil refinery.⁷⁵ The budget dedicates \$18.2 million to the Gladstone State Development area, increasing thirteen times on the \$1.4 million dedicated in 2022–23.

Salisbury Plains Industrial Precinct

The Salisbury Plains Industrial Precinct is located within the Abbot Point State Development Area and is identified by the Queensland Government as suitable for supporting infrastructure for the Adani/Carmichael Rail, Adani Abbot Point Coal Terminal, GVK Hancock Rail and Queensland Coal Investment projects.⁷⁶ Industries considered suitable for the area

⁷³ Port of Townsville (2021) *Annual Report 2020-21*, https://s3-ap-southeast-2.amazonaws.com/os-data-2/townsville-port-2/bundle13/annual_report_2020-21.pdf

⁷⁴ Australian Government – Department of Climate Change, Energy, the Environment and Water (2023) *Townsville Region Hydrogen Hub grant guidelines available*, <https://www.dcceew.gov.au/about/news/townsville-region-hydrogen-hub-grant-guidelines-available>

⁷⁵ Queensland Government (n.d.) *Gladstone State Development Area*, <https://www.statedevelopment.qld.gov.au/coordinator-general/state-development-areas/current/gladstone-state-development-area>

⁷⁶ Economic Development Queensland (n.d.) *Salisbury Plains Industrial Precinct*, <https://industrial.edq.com.au/Salisbury-Plains-Industrial-Precinct-property-for-sale>

include an LNG facility, fuel storage and associated infrastructure, and extractive industries.⁷⁷ The budget dedicates \$200,000 to the Salisbury Plains Industrial Precinct and identifies a capital value of \$9.2 million, classified as primarily dedicated to fossil fuels.

Townsville Regional Industrial Estate

Budget papers refer to spending on the Townsville Regional Industrial Estate, which appears to be within the Townsville State Development Area. The Townsville State Development Area serves the Port of Townsville and nearby roads and rails that provide access to industrial and resource development areas.⁷⁸ The Townsville State Development Area is currently home to a number of industrial facilities, including Origin Energy’s Mt Stuart gas-fired peaking generator plant.⁷⁹ The budget dedicates \$200,000 to the Townsville Regional Industrial Estate, the same amount dedicated in the previous budget, and identifies a capital value of \$6.6 million, classified as primarily dedicated to fossil fuels.

RAIL

The Australia Institute’s original report on state government assistance to the wider mining industry, included Queensland’s Rail Network and Infrastructure Funding concession as a cost to the budget that partly assisted the coal industry.⁸⁰ This concession represents funding to Queensland Rail, without which rail access charges “would be significantly higher”, including both freight (which is dominated by coal) and passenger services. In 2023–24, this cost is estimated at \$867 million.

Previous editions of this fossil fuel subsidies report (as distinct from the 2014 report on the wider mining industry) did not include this concession, and focussed instead on capital spending on particular rail lines that are used by the coal industry, such as the West Moreton Rail Line. This approach likely omits significant Queensland Government spending on (or unrecovered costs from) various parts of the rail network.

Including both the concession and other network spending projects separately identified in the budget would risk double counting. As a result, for this year’s estimates we have decided to include the concession and omit other projects. This concession is, of course, only partly dedicated to the coal industry - the budget papers make clear it also assists other freight users and passenger services. Given coal is the largest part of freight on

⁷⁷ Economic Development Queensland (n.d.) *Salisbury Plains Industrial Precinct*

⁷⁸ Queensland Government (n.d.) *Townsville State Development Area*, <https://www.statedevelopment.qld.gov.au/coordinator-general/state-development-areas/current/townsville-state-development-area>

⁷⁹ Ibid.

⁸⁰ Peel, Denniss and Campbell (2014) *Mining the age of entitlement: State government assistance to the mining and fossil fuel sector*, <https://australiainstitute.org.au/report/mining-the-age-of-entitlement/>

Queensland's rail network, the coal industry is likely the largest beneficiary, but no further information is provided in budget papers.

CONCESSIONS

Concessions in the Queensland budget include targeted discounts, rebates and subsidies for Queenslanders and businesses. These are listed in the Concessions Statement and include both direct budget outlays (fee subsidy payments) and forgone revenue (i.e. revenue lost through reduced fees and charges). Only concessions above the minimum materiality threshold of \$50,000 forgone revenue are included in the Concessions Statement.⁸¹

Fossil fuel subsidies include concessions by port corporations to organisations and businesses. Concessions delivered by Government-Owned Corporations (GOC) related to fossil fuels include:

- Rail Network and Infrastructure Funding, partly dedicated to fossil fuels (various), worth \$867.3 million;
- Far North Queensland Ports Corporation Limited, partly dedicated to fossil fuels (oil), worth \$2 million;
- Gladstone Ports Corporation Limited, primarily dedicated to fossil fuels (various), worth \$39.3 million;
- North Queensland Bulk Ports Corporation Limited, primarily dedicated to fossil fuels (various), worth \$1.4 million; and
- Port of Townsville Limited, primarily dedicated to fossil fuels (oil), worth \$6.6 million.

All of the above GOCs also provide concessions via Concessional Leases (Industry, Commercial and Community) to industry participants that are below commercial rates. Gladstone Ports Corporation Limited also provides Concessional Port Charges where port charges are contracted at significantly below market rates.⁸²

The largest relevant item in the Concession Statement relates to rail network and infrastructure funding. Including this item is a change in the methodology of this report compared to 2022–23, but it seems likely that this item relates almost wholly to the coal industry, as concessions relating to public transport and agricultural freight are covered in other lines of the concession statement. However, we have categorised this item as only

⁸¹ Queensland Government (2023) *Queensland Budget 2023-24 – Budget Strategy & Outlook | Budget Paper No. 2*

⁸² Ibid.

partly related to fossil fuel industries, as the description in the Concession Statement includes reference to other users.⁸³

The Concessions Statement identifies that GOC concessions below the minimum materiality threshold of \$50,000 forgone revenue were also delivered by CS Energy, Stanwell and CleanCo, which own and operate fossil fuel related projects and sites as detailed previously.

⁸³ Queensland Government (2023) *Queensland Budget 2023-24 – Budget Strategy & Outlook | Budget Paper No. 2*, p. 219.

Western Australia

Analysis of the most recent Western Australian (WA) Government budget papers suggests subsidies and assistance measures for the fossil fuel industry are projected to be \$418.6 million in 2023–24. Over the full budget projection period to 2026–27 total assistance to the fossil fuel industry is expected to be around \$1 billion.

Reflecting that WA is the nation’s largest oil and gas producing state, the vast majority of the assistance, 90% or \$378.1 million, is directed to the oil and gas industry. A small amount of assistance is directed to the remaining coal-fired electricity generating assets owned by the WA Government-owned electricity supplier.

A significant majority, 90% or \$375.9 million, of the assistance provided by the WA government is only ‘partially targeted’ at the fossil fuel industry, primarily targeted at industry development assistance and investment promotion schemes that notionally supports all industries, and/or the transition to net zero emissions, while often explicitly supporting further gas industry development, or carbon sequestration activities.

Conversely, only 12% or \$50.8 million is wholly aimed at the fossil fuel the industry, with no assistance identified as primarily targeted. **Error! Not a valid bookmark self-reference.** outlines the breakdown of the subsidies by fossil fuel and scope for 2023–24 and for total subsidies over the projection period.

Table 8: Western Australia fossil fuel assistance, by fuel and scope

	2023–24 Expenditure (\$)	Forward estimates (\$)
Gas/oil	378,093,000	913,807,000
Coal	26,945,000	66,941,000
Various	13,535,000	52,902,000
Total	418,573,000	1,033,650,000
Wholly	50,804,000	182,740,000
Primarily	N/A	N/A
Partly	367,769,000	850,910,000
Total	418,573,000	1,033,650,000

Source: Government of Western Australia (2023) Budget Papers



Compared to last year, 2022–23, subsidies and assistance measures are projected to be higher in 2023–24, up \$98.5 million compared to the \$320 million published in last year’s

edition of this report – an increase of 31%.⁸⁴ The increase in projected subsidies is mainly the result of a significant increase in assistance from the *Department of Jobs, Tourism, Science and Innovation*. Further details on the expected increase in subsidies and assistance are outlined in following sections.

ASSISTANCE BY DEPARTMENT AND ORGANISATION

In Western Australia assistance for the fossil fuel industry is broadly spread across a number of government departments and government business enterprises (GBE). Table summaries the allocation of subsidies and assistance measures by government departments and GBEs.

Table 9: Fossil fuel assistance by Department and GBE and scope

Department	Wholly (\$)	Partly (\$)	Total (\$)
Jobs, Tourism, Science & Innovation	1,350,000	265,000,000	266,350,000
Primary Industries & Reg. Development		16,900,000	16,900,000
Water & Environmental Regulation		2,900,000	2,900,000
Mines, Industry Regulation & Safety		10,600,000	10,600,000
Planning, Lands & Heritage	3,800,000	1,800,000	5,600,000

GBE	Wholly (\$)	Partly (\$)	Total (\$)
Synergy	45,700,000		45,700,000
Kimberley Ports Authority		34,000,000	34,000,000
Pilbara Ports Authority		26,300,000	26,300,000
Fremantle Port Authority		10,300,000	10,300,000

Source: Government of Western Australia (2023) Budget Papers



Among the government departments the largest share of assistance, 88% or \$266.4 million in 2023–24, comes from the Department of Jobs, Tourism, Science, and Innovation. In turn, vast bulk of that assistance, \$140 million, comes from the *Investment Attraction Fund* that partially supports the fossil industries by “prioritising identified projects and sectors for strategic development including energy primary industries... and mining equipment”.⁸⁵ The second ranked department in terms of assistance is the Department of Primary Industries & Regional Development that in 2023–24 is expected to provide almost \$17 million to the *Pilbara Hydrogen Hub* that, while notionally focused on green-hydrogen, does include an

⁸⁴ The Australia Institute (2023) *Fossil fuel subsidies in Australia 2023*, <https://australiainstitute.org.au/report/fossil-fuel-subsidies-in-australia-2023/>

⁸⁵ WA Government (2024) *Investment Attraction Fund*, <https://www.investandtrade.wa.gov.au/opportunities/investment-attraction-fund>

aim to expand port-capacity and infrastructure in a major LNG exporting region.^{86,87} As such, this subsidy is treated as partial.

Fossil fuel assistance provided by WA GBEs is for the most part delivered by a number of port authorities supporting the further development of primarily LNG exporting seaports. As a share of all fossil fuel assistance 17%, or \$71 million, is expected to be provided by WA port authorities in 2023–24. This type of assistance is classed as ‘partly assisting’ since the aims of the identified projects is often to expand port facilities to support a range of industries but situated in major LNG ports. For example, the Pilbara Ports Authority’s \$4.9 million to “support future development of the multi-user facilities” is being spent at the Port of Ashburton, a port whose main purpose and original reason for development was the exporting of LNG and condensate.^{88,89}

Coincidentally, another WA government program, *Strategic Industrial Areas*, which receives money via the Department of Jobs, Tourism, Science, and Innovation, and broadly aims to further develop and diversify the industrial base around a number of existing LNG exporting areas could also be considered as support related to seaports and the LNG industry.⁹⁰ For 2023–24 it was estimated that \$44.8 million, mainly from this department, was likely supporting the fossil fuel industry via the *Strategic Industrial Areas* program.

There is also significant support for fossil fuels from the government owned electricity producer, Synergy. In 2023–24 is expected that will \$45.7 million will be spent supporting fossil fuels, both coal and gas, via various upgrades and maintenance projects to electricity generating assets. Interestingly, the vast majority of fossil fuel support that is classed as ‘wholly’ supporting fossil fuels comes from Synergy. And, the only assistance that supports coal is Synergy expenditure on the remaining coal-fired generators in at the Muja and Collie power stations.

Table also highlights how at the department level nearly all the assistance is only ‘partially’ aimed at the fossil fuel industry. This often happens under the cover of general industry assistance or industry facilitation. Examples of these types of programs in WA, and their annual expenditures, include the *Investment Attraction Fund (\$140 million)*, *Invest and*

⁸⁶ Pilbara Development Commission (2024) *Pilbara Hydrogen Hub*, <https://www.pdc.wa.gov.au/our-focus/projects/pilbara-hydrogen-hub.aspx>

⁸⁷ WA Government (2024) *Western Australia State Budget 2023-24, Budget Paper 2, Vol 1*, p.218 <https://www.ourstatebudget.wa.gov.au/budget-papers.html>

⁸⁸ WA Government (2024) *Western Australia State Budget 2023-24, Budget Paper 2, Vol 2*, p 651 <https://www.ourstatebudget.wa.gov.au/budget-papers.html>

⁸⁹ Pilbara Ports (2024) *Port of Ashburton - Port Profile*, <https://www.pilbaraports.com.au/ports/port-of-ashburton/about-port-of-ashburton/port-profile>

⁹⁰ WA Government (2024) *Strategic Industrial Areas – Western Australia*, <https://siawa.com.au/>

Trade Western Australia (\$7.3 million), *New Industries Fund* (\$7.3 million) and the *Project Facilitation* programme (\$37 million).⁹¹

An important point in the analysis of fossil assistance in WA is that in an economy so influenced by mining and fossil fuel extraction, 45% of GSP in 2022–23, any general industry assistance or facilitation program is likely going to support the fossil fuel industry to some degree.⁹² Moreso, any industry assistance aimed at transitioning the economy to net zero emissions or similar targets is unlikely to be directly aimed at shutting down nearly half the economy. For example, the *Future Energy Exports Cooperative Research Centre* program (\$1.2 million) suggests support for a broad range of new and cleaner industries, yet the associated website is full of pictures of LNG infrastructure, and partners with all the major fossil fuel companies.⁹³

TOP 15 ASSISTANCE MEASURES

Across all departments and GBE’s the top-15 subsidy and support measures, representing 86% of total subsidies (by value) or \$374 million in 2023–24 are summarised in Table 10.

Table 10: Top 15 fossil fuel assistance programs for 2023–24

Organisation	Program	Type	Fuel	2023–24 funding (\$)
Dept. of Jobs, Tourism, Science & Innovation	Investment Attraction Fund	Facilitation	Oil & Gas	140,900,000
Dept. of Jobs, Tourism, Science & Innovation	Project Facilitation	Facilitation	Oil & Gas	37,500,000
Dept. of Jobs, Tourism, Science & Innovation	Ashburton North Social & Critical Infrastructure Funds	Infrastructure	Oil & Gas	33,500,000
Kimberley Ports Authority	Supply Base	Infrastructure	Oil & Gas	30,000,000
Pilbara Ports Authority	Dampier Cargo Wharf Extension	Infrastructure	Oil & Gas	21,400,000
Dept. of Primary Industries & Reg. Develop.	Pilbara Hydrogen Hub (Administered)	Infrastructure	Oil & Gas	16,900,000
Synergy	Muja Power Station	Infrastructure	Coal	14,300,000
Synergy	Pinjar Power Station	Infrastructure	Oil & Gas	14,100,000
Synergy	Collie Power Station	Infrastructure	Coal	12,600,000
Dept. of Jobs, Tourism, Science & Innovation	Burru Water System Subsidy	Infrastructure	Oil & Gas	11,700,000

⁹¹ WA Government (2024) *Western Australia State Budget 2023-24, Budget Paper 2, Vol 1* <https://www.ourstatebudget.wa.gov.au/budget-papers.html>

⁹² ABS (2023) *Australian National Accounts: State Accounts: Table 6. Expenditure, Income and Industry Components of Gross State Product, Western Australia*, <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts>

⁹³ FEnEx CRC (2024) *Future Energy Exports Cooperative Research Centre*, <https://www.fenex.org.au/>

Fremantle Port Authority	Kwinana Bulk Terminal - Outer Harbour	Infrastructure	Oil & Gas	10,300,000
Dept. of Jobs, Tourism, Science & Innovation	Burrup Port Infrastructure Subsidy	Infrastructure	Oil & Gas	8,700,000
Dept. of Jobs, Tourism, Science & Innovation	New Industries Fund	Direct transfer	Oil & Gas	7,300,000
Dept. of Jobs, Tourism, Science & Innovation	Invest and Trade Western Australia	Facilitation	Oil & Gas	7,300,000
Dept. of Mines, Industry Regulation & Safety	Sustainable Geoscience Investments	Various	Various	7,200,000

Source: Government of Western Australia (2023) Budget Papers



Across the table the predominance of assistance measures from the Department Jobs, Tourism, Science & Innovation is noticeable, along with the various port authorities and Synergy. While the two largest measures focus on facilitating new industries and investment projects, namely the *Investment Attraction Fund* and *Project Facilitation* program, close half relate to the development of fossil fuel related infrastructure.

Outside the top-15, another 24 assistance measures were discovered, representing close to \$53 million in annual support.

GROWTH IN SUBSIDIES

Compared to previous editions of this report identified subsidies and support for the fossil fuel industry projected for 2023–24 have increased significantly compared to 2022–23. Projected subsidies for 2023–24 are projected to be \$107 million higher compared to those identified subsidies for 2022–23.

A significant share of the increase in the subsidies is related to the *Investment Attraction Fund* administered by the Department of Jobs, Tourism, Science and Innovation. Expenditure in this program, that is only partially aimed at the fossil fuel industry, is projected to increase to \$140 million in 2023–24, up from only \$20 million in 2022–23, and increase of \$120 million.⁹⁴ As previously noted, the *Investment Attraction Fund* is the largest single support measure identified in the budget papers. Together with other changes, support from the Department of Jobs, Tourism, Science and Innovation has increased by \$135 million compared to 2022–23.

Offsetting the increase in assistance from the Department of Jobs, Tourism, Science and Innovation, assistance from the Pilbara Ports Authority is expected to be around \$68 million less in 2023–24 compared to last year driven by a significant reduction in expenditure on the *Dampier Cargo Wharf Extension*.

⁹⁴ WA Government (2024) *Western Australia State Budget 2023-24, Budget Paper 2, Vol 1*, p.202
<https://www.ourstatebudget.wa.gov.au/budget-papers.html>

A number of new or additional subsidies and assistance measures have been identified and included in this edition of the report. Some of these newly identified measures include:

- \$7 million for the *Oakajee Strategic Industrial Area Access Road*, a new industrial area and deep-water port with natural gas identified as a target industry.
- A \$4 million loan converted to a grant to Orbital Corporation Ltd to continue development of fossil fuel fired internal combustion engines.
- \$2.5 million for the *Pilbara Strategic Industrial Areas* to aid industry development around a major LNG exporting port.

NOT QUITE SUBSIDIES

A final important area of consideration for subsidies to the fossil fuels industries in WA relates to policies and assistance measures aimed at the development of green-hydrogen projects.

A unique trait of assistance measures aimed at the development of green-hydrogen infrastructure, or the industry more generally, is that if the ‘green’ aspect of green hydrogen fails to be successful, the infrastructure can likely still be used for other forms of, less-green, hydrogen, such as blue-hydrogen produced from natural gas.

What that means is that the subsidies for green hydrogen could end up being subsidies for the fossil fuel industries, and the production of hydrogen from natural gas.

The WA budget papers identify three programmes related to green hydrogen:

1. *Hydrogen Hubs* with \$7.1 million of projected expenditure in 2023–24.
2. *Hydrogen Fuelled Transport* at \$5 million a year as part of the Climate Action Fund.
3. *Renewable Hydrogen* expenditure of \$1 million, also part of the Climate Action Fund.

Within the Budget papers, and related websites, the focus of these programmes is expressly on green or renewable hydrogen. As such, it is difficult to include them as subsidies for the fossil fuel industries. However, Woodside has received grants under the *Hydrogen Fuelled Transport* scheme potentially hinting at the true motive for the fossil fuel company’s engagement in the programme.⁹⁵ Nonetheless, without additional evidence it is methodologically weak to include them as subsidies just on the hunch, or even likelihood, that these expenditures will be seen as fossil fuels subsidies in retrospect sometime in the future.

⁹⁵ WA Government (2024) *Western Australian Renewable Hydrogen Grants*, <https://www.wa.gov.au/organisation/departments-of-jobs-tourism-science-and-innovation/western-australian-renewable-hydrogen-grants>

Future editions of this report will continue to closely monitor the documented government assistance to green hydrogen initiatives and the likelihood they are evolving into explicit fossil fuel subsidies.

Northern Territory

In late April 2024, the NT Government announced that it had agreed to purchase gas from a controversial Beetaloo Basin gas project.⁹⁶ This announcement brings into focus the wide range of subsidies that NT Governments have lavished upon the gas industry for decades, from the multi-billion dollar purchase commitments given to Eni’s Blacktip Project in the Bonaparte Gulf, through the millions in investment promotion, to the under-charging of administrative fees and unrecovered costs.

Little gets done by Territory Governments without Commonwealth assistance and subsidising the gas industry is no exception. The Beetaloo announcement would probably have been impossible without hundreds of millions in gas-industry focussed road construction, funded by the Commonwealth. And of course, the Commonwealth has put \$1.9 billion into assisting petrochemical industries with infrastructure at Middle Arm, a proposal that is opposed by many civil society organisations in the NT and beyond.

Table 11 below shows that the NT Government will provide \$531 million in assistance to the oil and gas industry in the 2023–24 budget year with \$3.7 billion budgeted over the longer term. While this represents a considerable increase on last year’s \$328 million estimate (\$3.5 billion longer term), it does not yet include the Beetaloo purchase agreement that will no doubt add at least hundreds of millions to these figures.

Table 11: NT government 2023–24 fossil fuel subsidies

NT budget fossil fuel assistance	2023–24 expenditure	Total/forward estimates
Wholly	31,818,000	3,401,295,000
Primarily	214,800,000	N/A
Partly	284,575,000	322,300,000
Total	531,193,000	3,723,595,000
Coal	N/A	N/A
Oil and gas	531,193,000	3,723,595,000
Various	N/A	N/A

⁹⁶ Dick, Fitzgerald and Morgan (2024) *NT government signs deal with Tamboran Resources to buy Beetaloo Basin gas*, <https://www.abc.net.au/news/2024-04-23/nt-beetaloo-basin-power-nt-generators/103757000>

Total	531,193,000	3,723,595,000
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Sources: NT Government Budget Papers, Power and Water Corp annual reports

COMMONWEALTH COLLABORATION

The Commonwealth subsidises gas industry infrastructure, including an export precinct, other shipping facilities that benefit the offshore gas industry, and funding roads to facilitate onshore gas extraction.

Middle Arm Sustainable Development Precinct

The Morrison government’s March 2022 Budget included a \$7.1 billion Energy Security and Regional Development Plan, which was to “turbocharge” the economies of regional hubs—including an NT industrial hub.⁹⁷ The Albanese Government’s October 2022 federal budget included \$1.9 billion for the development of the Middle Arm Sustainable Development Precinct. Originally described as a “new gas demand centre”,⁹⁸ but “not a petrochemical plant”,⁹⁹ despite contradictory information on many of the NT government’s websites and other promotional materials, and FOI evidence that staff were instructed to try to remove the word “petrochemicals” from official material.¹⁰⁰

The Government has already committed \$1.9 billion for Middle Arm (included in the Federal Government section), but recent documents obtained by the ABC show that the federal government is considering increasing their spend on the facility to more than \$3.5 billion, to include a carbon capture and storage facility.¹⁰¹

The NT government budgeted to spend \$13 million on business case development and preliminary works, included in this year’s NT budget figures.

⁹⁷ Federal Government (2022) *March Budget Paper 2*, p133

⁹⁸ Gibson (2022) *Business case for Middle Arm Sustainable Development Precinct triggers climate concerns from critics*, <https://www.abc.net.au/news/2022-12-29/nt-middle-arm-sustainable-development-precinct-climate-concerns/101809178>

⁹⁹ Walsh (2022) ‘Factually wrong’: Fyles says no petrochemical plant for Middle Arm: govt website contradicts her, *NT Independent*, <https://ntindependent.com.au/factually-wrong-fyles-says-no-petrochemical-plant-at-middle-arm-govt-website-contradicts-her/>

¹⁰⁰ Gibson (2023) *Emails confirm staff in NT chief minister’s department deleted references to ‘petrochemicals’ from Middle Arm websites*, <https://www.abc.net.au/news/2023-04-06/middle-arm-nt-petrochemicals-term-deletion-chief-minister-staff/102157920>

¹⁰¹ Slezak (2023) *Darwin Harbour Middle Arm expansion plan slammed by critics as ‘extraordinary fossil fuel subsidy’*, <https://www.abc.net.au/news/2023-12-15/darwin-harbour-extension-plan-slammed-as-fossil-fuel-subsidy/103215782>

Darwin ship lift

The NT government, in conjunction with the Federal Government's Northern Australia Infrastructure Facility (NAIF), is building ship maintenance facilities, including a ship lift capable of lifting 5,500 tonnes, that will partly benefit the oil and gas industry.

Budget papers state that the project has a total capital value of \$515 million, with \$248 million to be spent in the 2023–24 budget year. This has been included in Table 9 above in 2023–24 spending partly attributable to fossil fuel industries. The NAIF's \$300 million contribution is included in the Federal Government section.

Gas roads

The Morrison government first planned to subsidise onshore gas by funding the NT Gas Industry Road Upgrades. This year's budget aims to "upgrade and or seal gas industry roads to support economic development (\$214.8 million)". This spending and the longer term program total have been split between the Commonwealth and NT Governments in our estimates.

POWER AND WATER CORPORATION

The largest item in Table X above is the purchase agreement that the state-owned Power and Water Corporation ("PWC") has in place to purchase gas from the Blacktip project, which is located off Wadeye in the Bonaparte Gulf and owned by Italy-based oil company Eni. As highlighted in the NT budget papers:

Power and Water Corporation's gas business has significant market-related risks arising from its long-term gas purchase, sales and transportation agreements. The corporation's board oversees a gas sales strategy to address future market opportunities and position the corporation to ensure costs are covered by revenue, and any risks are appropriately mitigated.¹⁰²

It is this risk around uncertain purchase volumes that has brought large problems to PWC and the NT Government. The Blacktip project has been under-performing since at least early 2022, meaning that sales to Queensland via the Northern Gas Pipeline have also been limited.¹⁰³ PWC's agreement with Blacktip is supposed to run to 2034.

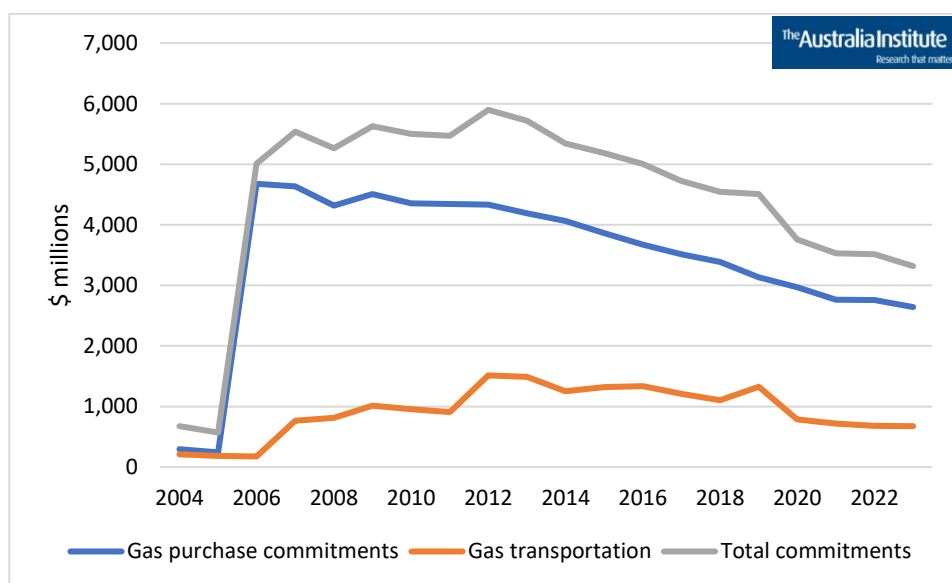
¹⁰² NT Government (2022) *Budget Paper 2*, p84

¹⁰³ Fitzgerald (2022) *NT's Blacktip gas field production drops, forcing shutdown of Northern Gas Pipeline*, <https://www.abc.net.au/news/2022-10-22/blacktip-gas-field-production-problems-power-and-water/101555526>

The PWC’s multi-billion dollar commitment to gas purchases from Blacktip was essential for the project’s development. It was in order to sell some of this excess that the Northern Gas Pipeline was constructed, again with PWC subsidising the project via gas transport commitments.

The latest of the PWC’s annual reports shows that its gas purchase commitment has declined to \$2.64 billion and \$674 million in gas transport commitments, as shown in Figure 7 below:

Figure 7: Power and Water Corporation gas commitments



Source: PWC annual reports

Figure 7 shows that gas commitments are largely unchanged from last year, partly due to unexpected reductions in supply from the Blacktip Project. The reductions in supply reduced the PWC’s gas sales by some \$25 million¹⁰⁴ and saw the PWC take legal action against the operators, Eni.¹⁰⁵ This is somewhat ironic as the problem with the Blacktip Project has traditionally been not a lack of gas, but too much of it. This was clear to PWC and NT government decision-makers at the time the agreement with Eni was made, with the NT Utilities Commission noting in 2006:

Contract quantities available from Blacktip will be in excess of projected requirements under the Commission’s high growth scenario through to 2015–16 and beyond.¹⁰⁶

¹⁰⁴ PWC (2022) Annual Report, p57

¹⁰⁵ Fitzgerald (2022) *NT’s Blacktip gas field production drops, forcing shutdown of Northern Gas Pipeline*,

¹⁰⁶ NT Utilities Commission (2006) *Annual power system review December 2006*,

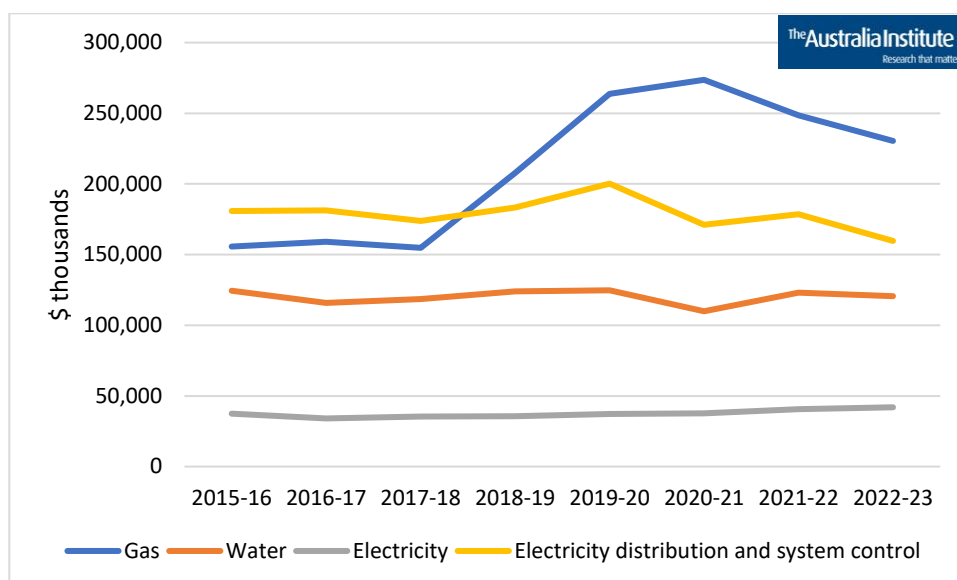
https://utilicom.nt.gov.au/__data/assets/pdf_file/0008/743039/2006_PSR_final.pdf

NT taxpayers paid for large quantities of gas that they could not use or sell—or, as the PWC puts it:

The current gas contracts relating to the sale and purchase of gas have resulted in Power and Water previously paying for gas that will be delivered in future years.¹⁰⁷

While a detailed estimate is beyond the scope of this report, the loss on take-or-pay agreements with Blacktip was estimated at a total of \$375 million by a prominent supporter of the gas industry, former NT News Business Editor Ashley Manicaros.¹⁰⁸ When the similarly-subsidised Northern Gas Pipeline now is operation, the PWC can sell Blacktip gas to buyers in Queensland. This saw the PWC’s gas sales increase by over \$100 million in two years, as shown in Figure 8 below:

Figure 8: PWC sales revenue, selected streams



Source: PWC annual reports

As shown in Figure 8, the NT government-owned PWC now collects over \$230 million per year in gas sales revenue. In 2019–20 the PWC’s gas sales area posted a net profit for the first time, contributing to the Corporation’s overall \$176 million profit.

However, the good times did not last after a 2021–22 result that saw “lower than expected revenue results in gas of \$39 million...”¹⁰⁹, the PWC 2023 Statement of Corporate Intent

¹⁰⁷ PWC (2021) *Annual report*, p9, <https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports>

¹⁰⁸ Manicaros (2017) *Business Confidential*, NT News 3 May 2017, page 15. This column does not appear to be on the NT News site. The Australia Institute has a copy and also has personal correspondence with Mr Manicaros regarding this figure.

¹⁰⁹ PWC (2021) *Annual report*, p6, <https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports>

shows operating costs of the gas business at \$250.1 million compared to gas revenue of \$239.4 million, a loss of \$10.7 million.¹¹⁰

The PWC’s gas business does not only represent a cost to the NT taxpayer and a subsidy to at least one multinational fossil fuel company; it also presents the NT government with a major conflict of interest. The NT government cannot impartially assess controversial gas projects when it owns a gas supplier of this size. Moreover, renewable energy projects now present a “risk” to NT government revenue, as is clear in PWC reports:

The corporation has in place long term contracts to procure gas and associated transport charges. The fixed price nature of the long term gas contracts; the volatility in the market price of gas; the pricing and volume risk from as yet unsecured contracts or contracts currently under negotiation; increasing competition in the gas supply market; and more recently the potential impact from the displacement of gas by renewables over time are risks to the corporation’s ability to sell the gas at a price higher than the cost of gas and transport.¹¹¹

The unexpected revenue loss by the PWC’s gas sales division of \$10.7 million has been included in Table 9 as a cost in this budget year. The total outstanding gas purchase and gas transport commitments—over \$3.3 billion—are included as the total/capital value of the long-term assistance provided to gas production and sales by these commitments.

CHIEF MINISTER AND CABINET

Parts of the Department of the NT’s Chief Minister and Cabinet promote and assist the gas industry. Investment Territory is a part of the Department of Chief Minister and Cabinet, charged with facilitating “major projects and significant investments in the Territory”. As part of its remit, Investment Territory “lead[s] the coordination and delivery of the Territory’s gas strategy and development of a gas-based manufacturing industry.”¹¹² Of Investment Territory’s \$20 million budget, \$5 million per year has been allocated to the Territory’s gas strategy, based on earlier NT budgets that included \$5 million per year for a “Gas Taskforce” that has now been absorbed into Investment Territory.

¹¹⁰ PWC (2023) *Statement of corporate intent 2023-24*, https://www.powerwater.com.au/__data/assets/pdf_file/0030/173964/2023-24-Power-and-Water-Statement-of-Corporate-Intent.pdf

¹¹¹ PWC (2022) *Annual report*, p58, <https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports>

¹¹² NT Government (2023) Budget Paper 3, p16

PORT AND INDUSTRIAL PRECINCT DEVELOPMENTS

In addition to the Darwin ship lift, a wider Marine Industry Park is being developed, partly because Darwin is “Adjacent to major onshore gas developments and offshore supply bases, the Marine Industry Park provides a unique opportunity to capitalise on Darwin’s expanding gas, marine services and Defence industries.”¹¹³. According to the Land Development Corporation, the Marine Industry Park “provides a unique opportunity to capitalise on Darwin’s expanding gas, marine services and Defence industries.”¹¹⁴ The Marine Industry Park is budgeted to receive over \$23 million in this budget, largely via the NT government’s Land Development Corporation.

MINES AND ENERGY

The Department of Industry, Tourism and Trade’s Mines and Energy group includes two programs that subsidise the gas industry.

The Resource Industry Development Services program includes the \$9.5 million-per-year “Resourcing the Territory” exploration initiative, which provides “geoscience, investment attraction and exploration stimulus programs”,¹¹⁵ including to gas exploration.

The Energy Development program, meanwhile, works to:

...advance the Territory’s economic development and energy security through administration of exploration applications and permits, licences, resource management, operational approvals and regulatory activities, including monitoring and compliance under the Petroleum Act 1984 and Energy Pipelines Act 1981.¹¹⁶

A recommendation of the NT government’s 2018 Fracking Inquiry was that the expense of this program should be recovered from gas companies. The NT government committed to implement all recommendations of the Fracking Inquiry, but five years later, under-recovery of the Energy Development program’s costs continues. Table 9 includes this estimated \$6.6 million gap in cost recovery as an annual, wholly-devoted subsidy to the export gas industry.

The Fracking Inquiry coincided with the beginning of a major increase in the budget of this program, as shown in Figure 9 below:

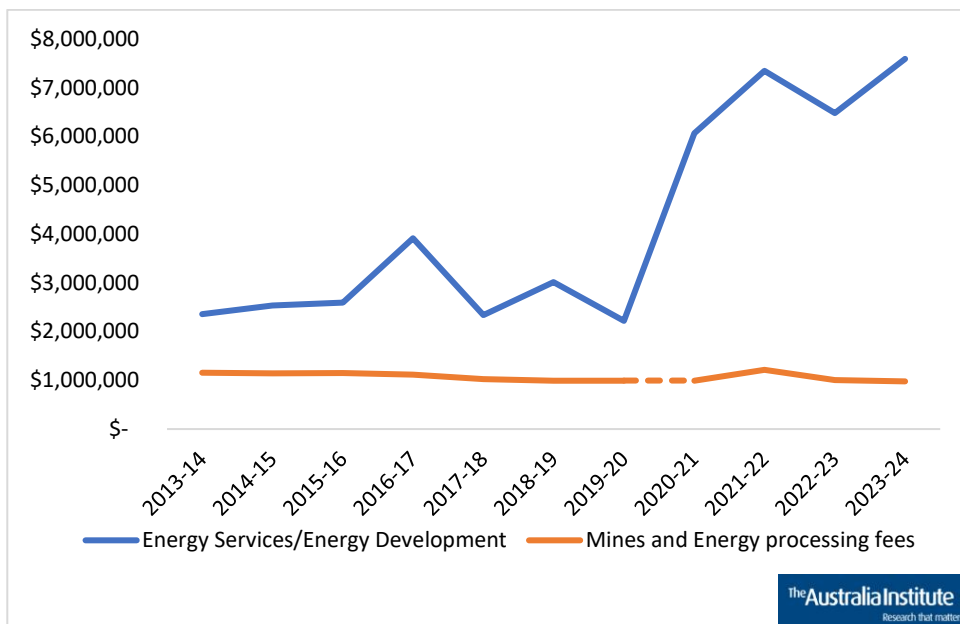
¹¹³ Land Development Corporation (2023) *Marine Industry Park*, <https://landdevcorp.com.au/project/marine-industry-park/>

¹¹⁴ NT Land Development Corporation (2023) *Marine Industry Park*, <https://landdevcorp.com.au/project/marine-industry-park/>

¹¹⁵ Resourcing the Territory (2020) *About Resourcing the Territory*, <https://resourcingtheterritory.nt.gov.au/about>

¹¹⁶ NT Government (2023) Budget Paper 3, p72

Figure 9: Energy Services/Energy Development budget



Source: NT Budget papers, various years

The budget for Energy Services—now re-named Energy Development has tripled in recent years—with no justification given. Revenue from applications, licence and title fees has now been renamed “Mines and energy processing fees (licences/titles)”, and appears to have maintained at broadly similar levels, with just under \$1 million budgeted in 2023–24. Only a fraction of this revenue is likely to come from the gas industry; the majority is likely to come from the mining industry.

Victoria

Victoria’s fossil fuel industry comprises predominantly brown coal mines and power stations in the Gippsland region. The state is engaged in long-term oil operations, and in 2021, onshore gas exploration recommenced after a nine-year moratorium was lifted.¹¹⁷

Commendably, a fracking ban was introduced in March 2021, and in July 2022 the Victorian government released its Gas Substitution Roadmap, which aims to reduce fossil gas use (although hydrogen blending with fossil gas is being considered).¹¹⁸ The Victorian government plans to publish a gas substitution policy directions paper in mid-2024.¹¹⁹

The long-running pilot phase of the Hydrogen Energy Supply Chain (HESC) Project was completed in early 2022.¹²⁰ The project was established to extract hydrogen from brown coal in the Latrobe Valley for export to Japan. The project initially received an estimated total of \$496 million in funding from state, federal, and foreign sources – but no further funding is apparent in the 2023–24 budget papers. However, the project will receive a \$2.1 billion funding boost from the Japanese government to support its continuation.¹²⁰

Table 12: Victorian government 2023–2024 fossil fuel subsidies

Victorian budget fossil fuel assistance	2023–24 expenditure	Capital values/forward estimates
Wholly	N/A	N/A
Primarily	21,000,000	84,000,000
Partly	N/A	N/A
Total	21,000,000	84,000,000
Coal	1,000,000	N/A
Gas	N/A	N/A
Various	20,000,000	84,000,000

¹¹⁷ Victoria State Government: Energy, Environment and Climate Action (2021) *Resources Victoria - Restart of onshore conventional gas industry in Victoria*, <https://resources.vic.gov.au/projects/onshore-conventional-gas-restart>

¹¹⁸ Victoria State Government: Energy, Environment and Climate Action (2023) *Victoria’s Gas Substitution Roadmap*, <https://www.energy.vic.gov.au/renewable-energy/victorias-gas-substitution-roadmap>

¹¹⁹ Victoria State Government: Energy, Environment and Climate Action (2023) *Victoria’s Gas Substitution Roadmap Update*, https://www.energy.vic.gov.au/__data/assets/pdf_file/0027/691119/Victorias-Gas-Substitution-Roadmap-Update.pdf

¹²⁰ Hydrogen Energy Supply Chain Project (2024) *The world-first Hydrogen Energy Supply Chain (HESC) Project*, <https://www.hydrogenenergysupplychain.com/>

Total	21,000,000	84,000,000
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Source: Victoria State Government (2023) *Budget Papers 2023-2024*



CARBONNET

CarbonNet is a carbon capture and storage network project in Gippsland that plans to build a 100 km CO₂ pipeline from the Latrobe Valley to the Gippsland Basin.¹²¹ It was established in 2010 as part of the Federal Government’s Carbon Storage Taskforce and National Low Emissions Coal Initiative. This initiative identified the Gippsland Basin as the most appropriate choice for a long-term carbon storage project in Victoria based on several technical factors. These factors included the region’s close proximity to major coalfields, electricity generators, and industrial processors, along with its proximity to suitable offshore and onshore storage sites – “[Victoria’s] largest sources of CO₂ are all located within a 15 km radius ... [the site] offers an opportunity for shared infrastructure and a multi-user CCS network”.¹²²

CarbonNet has remained non-operational for over a decade. In 2022, it was reported that Stage Three of the project had been completed following the drilling of an offshore appraisal well in 2019–20 at the Pelican site in Bass Strait. However, recent reports state that the project remains in Stage Three – Project Development and Commercial Establishment.¹²³ In 2023, the Victorian Pipeline Regulator approved CarbonNet’s Pipeline Consultation Plan, allowing the landholder consultation process to commence.¹²⁴ CarbonNet also announced Worley as it’s Front End Engineering Design (FEED) contractor. The project is scheduled for its Final Investment Decision (FID) in 2024.

CarbonNet claims that it will have the capacity to store six million tonnes (Mt) of CO₂ each year for 30 years.¹²⁵ Even if this proves accurate, this figure represents a fraction of the emissions generated by Victoria’s three brown coal-fired power stations: Yallourn, Loy Lang A, and Loy Yang B. In 2021, these generators emitted a combined 39.9 Mt CO₂-equivalent, representing 50% of Victoria’s total greenhouse gas emissions.¹²⁶

¹²¹ Victoria State Government: Department of Jobs, Skills, Industry and Regions (DJSIR) (2023) *CarbonNet Project*, <https://djsir.vic.gov.au/carbonnet>

¹²² Global CCS Institute (2015) *The CarbonNet Project: A Historical Perspective*, p. 9, <https://www.globalccsinstitute.com/archive/hub/publications/155928/carbonnet-project-historical-perspective.pdf>

¹²³ DJSIR (2024) *About the CarbonNet Project*, <https://djsir.vic.gov.au/carbonnet/about-the-project>

¹²⁴ Victoria State Government: Department of Jobs, Skills, Industry and Regions (2023) *Approvals & investigations*, <https://djsir.vic.gov.au/carbonnet/approvals-and-investigations>

¹²⁵ DJSIR (2024) *About the CarbonNet Project*

¹²⁶ Victoria State Government: Energy, Environment and Climate Action (2021) *Victorian Greenhouse Gas Emissions Report*, p. 19,

In previous editions of this report, the CarbonNet budget could not be separated from the rest of the “Resources” program in the Department of Energy, Environment and Climate Action (DEECA). The whole of that program’s budget was included as partly assisting fossil fuel industries.

In 2023–24, CarbonNet was transferred from the Resources program in DEECA, to the Investment Attraction program within the Department of Jobs, Skills, Industry and Regions (DJSIR). DEECA’s Resources program’s target budget declined from \$69.4 million in 2022–23 to \$48.5 million in 2023–24 “due mainly to the impact of the CarbonNet Project transfer to DJSIR,” along with some other smaller changes.

This implies that CarbonNet’s annual budget is in the order of \$20 million per year. We have used this figure in this year’s analysis, considered primarily dedicated to fossil fuel assistance, as the cost of the other programs involved in the change is uncertain.

The remaining parts of DEECA’s Resources budget allocation is likely to provide some benefit to Victoria’s petroleum exploration activities, but with no estimate available it is considered immaterial here. Notably, Victoria has 11 onshore petroleum production licences and 9 exploration permits,¹²⁷ and Exploration activities continue in the offshore federal waters of the Otway and Gippsland Basins.¹²⁸

LAND TAX EXEMPTION FOR MINING

Owners of land that is used exclusively as a mine receive a tax exemption in Victoria. This reduces government revenue and disincentivises the transition away from fossil fuel production. The exemption covers all mining licences and any land in the Latrobe Valley covered by the *Electricity Industry (Residual Provisions) Act 1993*,¹²⁹ which includes the state’s brown coal mines and power stations. The land tax exemption for mining is therefore classified as primarily dedicated to fossil fuels and has been allocated \$1 million in the 2023–24 budget, with an additional \$3 million over the next three years.

https://www.climatechange.vic.gov.au/__data/assets/pdf_file/0036/687825/Victorian-Greenhouse-Gas-Emissions-Report-2021.pdf

¹²⁷ Department of Energy (2023) *Earth Resources Regulator - Annual Statistical Report FY 2022-23*, p. 30, https://resources.vic.gov.au/__data/assets/pdf_file/0012/996870/Earth-Resources-Regulation-Statistical-Report-2022-23.pdf

¹²⁸ Australian Government: Department of Industry Science and Resources (2023) *2023 offshore greenhouse gas storage acreage release*, <https://www.industry.gov.au/publications/2023-offshore-greenhouse-gas-storage-acreage-release>

¹²⁹ State Revenue Office (2023) *Land tax exemptions*, <https://www.sro.vic.gov.au/land-tax/land-tax-exemptions#mines>

South Australia

South Australia has long been a leader in renewable energy generation and has a commitment to achieving 100% renewable electricity by 2030. In 2022, South Australia’s share of renewable energy for electricity generation was 71%.¹³⁰

The oil and gas industry is focused on the Cooper Basin in the north east of the state. Gas is piped from there to the main Australian east coast gas network, and liquids are also produced and sent to Port Bonython near Whyalla for processing and shipping. Petroleum royalties for 2022–23 were \$106.3 million, a fraction of the State Government’s \$27 billion in revenue.¹³¹ Concerningly, the SA Government expects higher royalties in the future, “with growth in future years supported by increased petroleum production”.¹³²

An underground coal gasification project is also proposed for the state’s main coal deposit at Leigh Creek in the Flinders Rangers.

Assistance measures from the state government continue to focus on infrastructure upgrades and industry advocacy.

Table 13: Government of South Australia 2023–24 fossil fuel subsidies

SA budget fossil fuel assistance	2023–24 expenditure (\$)	Capital values/forward estimates (\$)
Wholly	21,200,000	64,147,000
Primarily	N/A	N/A
Partly	13,630,000	\$122,593,000
Total	34,830,000	\$186,740,000
Coal	N/A	N/A
Gas/oil	34,830,000	186,740,000
Various		
Total	34,830,000	186,740,000

Source: Government of South Australia (2023) *Budget Papers 2023-24*



¹³⁰ Australian Government (2023) *Australian Energy Update 2023*, <https://www.energy.gov.au/publications/australian-energy-update-2023>

¹³¹ Government of South Australia (2023) *Budget Paper 3*, Table 3.2 and p 105. <https://www.statebudget.sa.gov.au/budget-papers>

¹³² Ibid, p 51.

PORT BONYTHON

Jetty Refurbishment

Port Bonython is the site of a gas and diesel importation and distribution hub and the jetty is leased by the state to Santos who use it to export LPG, crude oil and naphtha. The proposed expenditure to this ongoing project in the 2023–24 budget was \$21,200,000, with the estimated total cost at \$64,147,000.¹³³ This is a \$3.7 million increase on the total cost estimated in 2022–23.

Hydrogen Hub

Port Bonython also features in South Australia’s hydrogen export plans as part of the Clean Hydrogen Industrial Hub at Port Bonython.¹³⁴ This Hub falls under the jurisdiction of the Department of Energy and Mining’s Office of Hydrogen Power South Australia. While largely focused on renewable energy, fossil fuel-based hydrogen appears to be included, with ‘development agreements’ having been negotiated with fossil gas companies Santos and Origin Energy, as well as green hydrogen-focussed companies.¹³⁵ The Hub is supported by the Commonwealth Government and private sector investments that “support common service infrastructure development to enable establishment of a globally competitive hydrogen export sector.”¹³⁶

Although there was no specific line payment entered for the 2023–24 budget, there are plans to finalise a “grant agreement to secure \$70 million in Commonwealth Government matched grant funding towards South Australian hydrogen supply chain infrastructure at Port Bonython.”¹³⁷ In last year’s budget, the total cost of the hub was \$30 million and \$940,000 was for land acquisition. The associated “land agreements with project partners”

¹³³ Government of South Australia (2023) *Budget Paper 3*, p 113

¹³⁴ Government of South Australia (2023) *Budget Paper 3*, p 107, <https://www.statebudget.sa.gov.au/budget-papers>

¹³⁵ *Government of South Australia* (n.d.) *Project partners*, <https://www.hydrogen.sa.gov.au/projects/port-bonython-hydrogen-hub/project-partners>

¹³⁶ Government of South Australia (2023) *Budget Paper 3*, p 107, <https://www.statebudget.sa.gov.au/budget-papers>

¹³⁷ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 121, <https://www.statebudget.sa.gov.au/budget-papers>

have been finalised and planning processes begun.¹³⁸ The Hub is expected to be completed by mid-2024.¹³⁹

It is still unclear the extent to which these initiatives will cross over with the South Australian Hydrogen Power Plant proposed to be built near Whyalla, which is being managed by the Office of Hydrogen Power South Australia.¹⁴⁰ Also known as the Hydrogen Jobs Plan, this project has a budget of \$593 million, with \$118.6 million allocated for 2023–24.¹⁴¹ Although there is some discussion of hydrogen-fossil gas blending, most material in relation to the Hydrogen Power Plant specifies renewable hydrogen, so this expenditure is not included in our analysis.

DEPARTMENT OF ENERGY AND MINING

The Mineral Resources and Energy agency situated within the Department of Energy and Mining is responsible for regulating, managing and supporting the development of South Australia’s mineral, petroleum and renewable energy assets.¹⁴² The agency oversees a range of subprograms that assist the gas and oil sectors in South Australia. The relevant subprograms and their contribution to gas and oil are as follows.

Energy Resources Subprogram

The Energy Resources Subprogram’s annual highlights include “Continued focus on supporting industry to explore South Australian basins to make new discoveries.” The agency’s budgeted expenses for 2023–24 were \$10.13 million, included as partly supporting fossil fuel industries.¹⁴³ The Roundtable for Energy Resources in South Australia (formerly the South Australia Roundtable for Oil and Gas; renamed to include focus on carbon capture and storage and hydrogen¹⁴⁴) will continue to provide guidance and stewardship for this

¹³⁸ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 121, <https://www.statebudget.sa.gov.au/budget-papers>

¹³⁹ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 109, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴⁰ Government of South Australian (2023) *Hydrogen Jobs Plan*, <https://www.ohpsa.sa.gov.au/projects/hydrogen-jobs-plan>

¹⁴¹ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 109, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴² Government of South Australian (2023) *Budget Paper 4, Volume 2*, p 112, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴³ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 116, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴⁴ Government of South Australia (n.d.) *About the Roundtable*, <https://www.energymining.sa.gov.au/industry/energy-resources/roundtable/about-the-roundtable>

subprogram.¹⁴⁵ This Roundtable has several fossil fuel companies as members, including Santos, Origin, the APPEA, Cooper Energy, Beach Energy.¹⁴⁶ The Department of Energy and Mining will use this Roundtable to “deliver and implement an oil and gas strategy” for the state.¹⁴⁷

Implementation of Hydrogen and Renewable Energy Act, 2023

The Growth and Low Carbon Subprogram 2.3 within the Department of Energy and Mining has plans for the implementation of South Australia’s new Hydrogen and Renewable Energy Act, 2023. The 2023–24 budget allocated \$1.2 million over two years for the implementation of the Act and development of associated regulations.¹⁴⁸ This is not included in our analysis as the budget says this is to support “a world-leading green hydrogen sector.”¹⁴⁹ However, it may subsidise fossil fuels in the future as the Act itself does not specify any particular types of hydrogen and does not mention ‘green’ or ‘clean’.¹⁵⁰ This means the Act is applicable to all forms of hydrogen, including those associated with fossil fuels. The Growth and Low Carbon Subprogram focuses on “major energy initiatives, industrial projects and low carbon initiatives” for the state.¹⁵¹

Accelerated Discovery Initiative (ADI)

The Accelerated Discovery Initiative (ADI) falls under the Department of Energy’s Mineral Resources Subprogram 2.1. This ongoing subprogram manages the state’s mineral resources, including exploration activities. The ADI focuses on mineral and energy exploration and discovery. It is a “government / industry co-funded partnership to stimulate innovation and de-risk investment in the exploration sector.”¹⁵² The ADI was allocated \$10.5

¹⁴⁵ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 115, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴⁶ Government of South Australia (n.d.) *About the Roundtable*, see *Membership of the Roundtable*, <https://www.energymining.sa.gov.au/industry/energy-resources/roundtable/about-the-roundtable>

¹⁴⁷ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 108, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴⁸ Government of South Australia (2023) *Budget Paper 1*, p 18, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁴⁹ Government of South Australia (2023) *Budget Paper 1*, p 18, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵⁰ *Hydrogen and Renewable Energy Act 2023 (SA)*, https://www.legislation.sa.gov.au/lz?path=/v/a/2023/hydrogen%20and%20renewable%20energy%20act%202023_37

¹⁵¹ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 116, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵² Government of South Australia (2023) *Budget Paper 3*, p 106, <https://www.statebudget.sa.gov.au/budget-papers>

million over three years but has no specific line item for the 2023–24 budget.¹⁵³ It is not clear if the ADI will exclude the oil and gas sectors, so it has been included in our analysis as partly contributing to fossil fuels.

HyLogger 4 and Raman Spectroscopy

The Hylogger 4 and Raman Spectroscopy unit comes under the ongoing Mineral Resources subprogram 2.1.¹⁵⁴ The HyLogger 4 and Raman Spectroscopy spectral geoscience technology will allow for “improved identification of geological samples, [and] support increased private mineral and energy exploration expenditure and services to the oil and gas industry, as well as attract more financial investment in South Australia”.¹⁵⁵ The total cost of this project is \$633,000 with no line payment for 2023–24.¹⁵⁶ The Hylogger 4 technology is partly devoted to supporting fossil fuel industries.¹⁵⁷

Hylogger drilling programs include the Plan for Accelerating Exploration (PACE) Gas grant program-supported drillholes in South Australia.¹⁵⁸

¹⁵³ Government of South Australia (2023) *Budget Paper 3*, p 106, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵⁴ Government of South Australia (2023) *Budget Paper 4, Volume 2*, p 113, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵⁵ Government of South Australia (2021) *Budget Paper 5*, p 35 <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵⁶ Government of South Australian (2023) *Budget Paper 4, Volume 2*, p 109, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵⁷ Government of South Australia (2021) *Budget Paper 5*, p 35, <https://www.statebudget.sa.gov.au/budget-papers>

¹⁵⁸ Government of South Australia (n.d.) *PACE GAS grants*, <https://www.energymining.sa.gov.au/industry/energy-resources/industry-activity/pace-gas-grants>; Government of South Australia (2021) *Spectral geoscience*, https://www.energymining.sa.gov.au/industry/geological-survey/mesa-journal/previous_news/news-articles-2021/spectral_geoscience

New South Wales

New South Wales (NSW) is a major coal mining jurisdiction, with 40 operating coal mines producing 221 million tonnes of raw coal per year.¹⁵⁹ Coal royalties account for just 2.9% of state revenue despite record coal prices. Coal royalties are to increase by around 2% of sale value from 1 July 2024 to “ensure that New South Wales receives a fair return on its natural resources”.¹⁶⁰

The state is not currently a significant gas producer, but the controversial Narrabri Gas Project could significantly increase production.

In 2023–24, the NSW government spent approximately \$60.5 million on fossil fuel subsidies, with total forward budgeted assistance estimated at \$102.7 million, as showed in Table 14 below.

Table 14: NSW government 2023–24 fossil fuel subsidies

NSW budget fossil fuel assistance	2023–24 Expenditure (\$)	Capital value/forward estimates (\$)
Coal	27,226,454	45,406,000
Gas	875,000	1,845,000
Various	32,398,333	55,466,667
Total	60,499,787	102,717,667
Wholly	28,101,454	47,251,000
Primarily	N/A	0
Partly	32,398,333	55,466,667
Total	60,499,787	102,717,667

Source: NSW Government (2023) *Budget Papers*



The estimates of fossil fuel subsidies for 2023–24 in Table 14 are an increase from \$45.2 million budgeted in 2022–23, largely due to the Coal Innovation Fund significantly increase its spending. The total value of projects and forward estimates has decrease from \$178.4 million in 2022–23 to \$103 million in 2023–24, mainly reflecting lower remaining value of the Coal Innovation Fund and lower forward estimates of the legacy mine program.

¹⁵⁹ Coal Services (2024) Statistics, <https://www.coalservices.com.au/>

¹⁶⁰ The NSW Government (2023) *NSW Budget 2023-24 - Budget Statement: Budget Paper No. 01*, p4-4

DEPARTMENT OF REGIONAL NSW

The Department of Regional NSW (DRNSW) oversees various programs and functions that benefit the state's fossil fuel industry:

- The 2023–24 Budget did not include an “Outcomes statement” as had been published in 2022–23. The 2022–23 document included a key outcome of the “Regional NSW Cluster” as “Mineral and petroleum industries generating prosperity, safely”. Related investment was planned for four years,¹⁶¹ although much is not related to fossil fuels. Based on total planned investment for four years and allocated budget in 2022–23, we estimate 2023–24 allocated budget for items that likely assists fossil fuel industry as the average fund for each year from the remaining fund. They include:
 - \$17.3 million allocated to the “remediation of high-risk legacy mine sites, including site assessment, contamination safety and risk reduction to manage physical risks to the public from legacy mines”. This is categorised as partly assisting the coal industry.
 - \$6.17 million for geoscience and scientific advice that benefit mining companies. This is categorised as partly assisting the coal industry.
- DRNSW's Mining, Exploration and Geoscience (MEG) program aims to “provide certainty to industry and local communities about the future of mining in NSW, and support industry to understand and fulfil its obligations” and “support and grow responsible mining and exploration across regional NSW”. The MEG program is also responsible for the Minerals and Petroleum Investment Fund, which can fund “any authorised investment program, the object of which is to promote investment in State minerals or petroleum (or both)”.¹⁶² In 2023, the fund spent total \$8.965 million with a closing balance of \$8.6 million.¹⁶³ This is categorised as partly assisting the fossil fuel industry.

COAL INNOVATION NSW

The NSW Coal Innovation Fund's purpose is “to provide funding for research into, and development of, low emissions coal technologies, low emissions coal technology demonstration projects, increasing public awareness and acceptance of the importance of reducing greenhouse gas emissions through the use of low emissions coal technologies, and

¹⁶¹ The NSW Government (2022) NSW Budget 2022-23 Budget Paper No. 02 Outcomes Statement, p. 7-11.

¹⁶² The NSW Government (2023) *Department of Regional NSW Annual Report 2022-2023*, p 21, <https://www.nsw.gov.au/sites/default/files/2023-12/Department-of-Regional-NSW-Annual-Report-2022-2023.pdf>

¹⁶³ The NSW Government (2023) *Department of Regional NSW Annual Report 2022-2023*, p. 21,56, <https://www.nsw.gov.au/sites/default/files/2023-12/Department-of-Regional-NSW-Annual-Report-2022-2023.pdf>

commercialisation of low emissions coal technologies”¹⁶⁴. This fund spent \$27.2 million in 2022–23 year (the most recent data available) and had a closing balance of \$45.4 million.¹⁶⁵ This fund spent five times more in 2022–23 than in 2021–22. The fund is considered wholly attributable to the coal industry.

OTHER DEPARTMENTS

Property and Development NSW (PDNSW) is leading and managing the remediation of contaminated properties on the former Waratah Gasworks site in Newcastle. The budget for this item in 2023–24 is \$0.875 million.¹⁶⁶ Although the contamination of this site by the coal gasification industry occurred between 1889 and 1926,¹⁶⁷ the NSW Government continues to spend money on remediation. This is an example of how the public can subsidise fossil fuel industries through degraded environments and clean-up costs decades after projects have ceased operations.

¹⁶⁴ The NSW Government (2023) *Coal Innovation Fund annual report 2022-23*, p. 12, [https://www.parliament.nsw.gov.au/tp/files/187376/Coal%20Innovation%20NSW%20Fund%20Annual%20Report%20for%202022-23%20\(1\).PDF](https://www.parliament.nsw.gov.au/tp/files/187376/Coal%20Innovation%20NSW%20Fund%20Annual%20Report%20for%202022-23%20(1).PDF)

¹⁶⁵ The NSW Government (2023) *Coal Innovation Fund annual report 2022-23*, p. 20,26, [https://www.parliament.nsw.gov.au/tp/files/187376/Coal%20Innovation%20NSW%20Fund%20Annual%20Report%20for%202022-23%20\(1\).PDF](https://www.parliament.nsw.gov.au/tp/files/187376/Coal%20Innovation%20NSW%20Fund%20Annual%20Report%20for%202022-23%20(1).PDF)

¹⁶⁶ The NSW Government (2023) *NSW Budget 2023-24 Budget Paper No.03 Infrastructure Statement*, p.4-40, <https://www.budget.nsw.gov.au/2023-24/budget-papers>

¹⁶⁷ The NSW Government (2023) *Waratah Gasworks site remediation*, <https://www.dpie.nsw.gov.au/housing-and-property/our-business/environmental-service-group/waratah-gasworks-site-remediation>

Tasmania

The Tasmanian state budget does not include any clear subsidy to fossil fuel production or use. This is not unexpected, given that the state reached 100% renewable net electricity generation in 2020,¹⁶⁸ and has a legislated target to generate 200% of 2022 electricity consumption by 2040.¹⁶⁹ These achievements are enabled by Tasmania’s long-established, and often controversial, hydroelectricity scheme, and more recent contributions from onshore wind farms.

Tasmania does produce and use some fossil fuels.¹⁷⁰ The gas-fired Tamar Valley Power Station contributed 0.56% of Tasmanian power generated in 2022–23, down from 0.9% in 2021–22.¹⁷¹ Tasmania is also connected to the National Electricity Market via the Basslink interconnector, which facilitates the import of fossil fuel-generated electricity. Fossil fuels are also the primary source of energy for transport, agriculture and industrial sectors in Tasmania.¹⁷²

Resources Policy and Regulatory Services

The only potential fossil fuel subsidy in the Tasmanian Budget is the funding allocated to Resources Policy and Regulatory services Output Group 4.2., Mineral Resources, which “facilitates mineral exploration and mining development and fosters and encourages responsible land management in Tasmania... [and improves] the quality and quantity of geoscience information, essential to the encouragement of mineral exploration”.¹⁷³ Mineral Resources was allocated \$9.3 million in 2023–24, and \$27 million over 3 years.¹⁷⁴ Ores and

¹⁶⁸ Renewables, Climate and Future Industries (n.d.) *100% target achievement*, https://recfit.tas.gov.au/renewables/100_target_achievement

¹⁶⁹ *Energy Co-ordination and Planning Act 1995*, Part 1A, s 3C, 2 (b).

¹⁷⁰ Department of Climate Change, Energy, the Environment and Water (2022) *Australian Energy Update 2022*, <https://www.energy.gov.au/sites/default/files/Australian%20Energy%20Statistics%202022%20Energy%20Update%20Report.pdf>, p 20.

¹⁷¹ Tasmanian Economic Regulator (2023) *Energy in Tasmania: Annual Security Review 2022-23 Water Year*, p 9, <https://www.economicregulator.tas.gov.au/Documents/23%202630%20Annual%20Energy%20Security%20Review%202022-23.PDF>.

¹⁷² Department of Climate Change, Energy, the Environment and Water (2022) *Australian Energy Update 2022*, <https://www.energy.gov.au/sites/default/files/Australian%20Energy%20Statistics%202022%20Energy%20Update%20Report.pdf>, p 20.

¹⁷³ Tasmanian Government (2023) Budget Paper 2, Volume 1, <https://www.treasury.tas.gov.au/Documents/2023-24-Budget-Paper-No-2-Volume-1.pdf>, p 265.

¹⁷⁴ *Ibid*, p 257.

concentrates (such as copper, zinc, tin and tungsten) make up the majority of Tasmania's mining production and the entirety of the state's mineral exports.

Coal mining in a net zero state

Tasmania has one active coal mining enterprise, Cornwall Coal Company Pty Ltd., which operates in the state's north-east.¹⁷⁵ Cornwall Coal Company is a subsidiary of Cement Australia, and supplies coal to industrial consumers within Tasmania, such as Cement Australia's Railton plant, and the Norske Skog paper mill. In 2022, Cornwall Coal sought to develop a new open cut pit at the Cullenswood Mine which would extract up to 50,000 tonnes of raw coal per annum over a predicted three-year lifespan.¹⁷⁶ The proposed project was referred for EPBC Act approval in November 2022, but has not progressed beyond the referral decision stage at present.¹⁷⁷

¹⁷⁵ Barnes and McCoull (2022) *The Cornwall Coal Company Pty Ltd, Blackwood 1 Redevelopment, Blackwood Colliery, Cornwall Project Description*, <https://epa.tas.gov.au/Documents/The%20Cornwall%20Coal%20Company%20Pty%20Ltd%2c%20Blackwood%201%20Redevelopment%2c%20Blackwood%20Colliery%2c%20Cornwall%20-%20Project%20Description.pdf>

¹⁷⁶ Ibid, p 2.

¹⁷⁷ EPBC Act Public Portal (2023) *Cullenswood Mine development of open cut coal pit No.6*, https://epbcpublicportal.awe.gov.au/all-referrals/project-referral-summary/project-decision/?id=a4b1598d-fb8a-ed11-81ad-00224818a80f&refentity=incident&refid=23a8e3a9-d65f-ed11-9561-00224814a07b&refrel=mara_projectdecision_project_Incident, p 1.

Australian Capital Territory

The ACT does not produce any coal, gas or oil, nor is it home to any major consumers of fossil fuel. Its 2023–24 budget does not contain any measures that could be considered fossil fuel subsidies. That budget contains ambitious targets for transitioning away from dependence on fossil fuels, with a view to achieve net zero-emissions by 2045.¹⁷⁸

Because the ACT government has contracted renewable generation equivalent to the Territory's electricity consumption, the ACT's electricity system has been described as 100% renewable since 2019.¹⁷⁹ The government further aims to phase out gas in favour of electrification by 2045 at the latest.¹⁸⁰

The 2023–24 ACT budget implements a range of measures that aim to grow renewable energy and further reduce emissions.¹⁸¹ These include:

- \$85.1 million to facilitate a whole-of-government electrification program;
- An additional \$80 million towards the Sustainable Household Scheme, which incentivises ACT homeowners to make their homes more energy efficient and assists eligible households with the upfront costs of solar and battery storage;
- Continuing the implementation of the Vulnerable Household Energy Support Scheme to support public housing, community housing providers, eligible private rental providers, and low-income homeowners to install energy-efficient insulation and to transition away from gas-based appliances;
- Continuing the Zero Emissions Vehicles Strategy 2022–23, which will implement a range of measures to transition the ACT away from fossil-fuelled vehicles;
- Delivering the Big Canberra Battery, which aims to facilitate further renewable electricity use and reduce the ACT's use of fossil fuel-generated electricity from the wider NSW grid, and;
- Funding to deliver an organic waste recovery facility.

¹⁷⁸ ACT Government (2023) *Budget Outlook*, p 66,

https://www.treasury.act.gov.au/__data/assets/pdf_file/0007/2244436/Budget-Outlook.pdf

¹⁷⁹ See for discussion of the ACT's electricity policy and 100% target see Cass (2019) *Class ACT: How the Australian Capital Territory became a global energy leader*, <https://australiainstitute.org.au/report/class-act-how-the-australian-capital-territory-became-a-global-energy-leader/> and Evans (2019) *ACT has '100 per cent renewable' electricity from today. But what does that mean?*, <https://www.abc.net.au/news/2019-10-01/act-is-100-per-cent-renewable-but-what-does-that-mean/11560356>

¹⁸⁰ ACT Government (2023) *Canberra's plan to transition*, <https://energy.act.gov.au/>

¹⁸¹ ACT Government (2023) *Budget Outlook*, p 77

Conclusion

The subsidies that Australian governments give to the fossil fuels industry come at the expense of action on climate change. Existing policies supposedly designed to tackle climate change – like carbon offset systems, land sector accounting, hydrogen, and carbon capture and storage – merely greenwash the continuing, increasing support that Australian governments give the fossil fuels industry. Until Australian governments abolish these subsidies, the production and consumption of the fossil fuels that are largely responsible for climate change will increase. Ending fossil fuel subsidies should be the starting point of any sincere climate policy.

Cutting fossil fuel subsidies would not only help achieve genuine reductions in emissions but would save money that could be spent on public services. The \$65 billion that could be recovered by eliminating fossil fuel subsidies could replace the Disaster Ready Fund 14 times over. It could triple the Housing Australia Future Fund and then double it again. It could provide much needed resources to any number of social, environmental and economic challenges that Australia faces.

With three state and territory elections to be held in 2024, and a federal election soon thereafter, fossil fuel subsidies should be front and centre of Australian policy debate.