

Fossil fuel subsidies in Australia 2025

Federal and state government assistance to major producers and users of fossil fuels in 2024-25

In 2024–25, Australian governments provided \$14.9 billion worth of spending and tax breaks to assist fossil fuel producers and major users, a 3% increase on 2023–24. Subsidies in the forward estimates have increased from \$65 billion to a record \$67 billion, a sum 14.2 times larger than the nation's \$4.75 billion disaster response fund.

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Summary

A federal election is approaching and independent candidates are pushing to reform Australia's fossil fuel subsidies. In this context, we estimate Australia's subsidies to fossil fuel producers and major users from all governments totalled \$14.9 billion in 2024–25, an increase of 3% on the \$14.5 billion recorded in 2023–24.

This figure equates to \$28,381 for every minute of every day of the year, or \$548 for every person in Australia.

Beyond the 2024–25 budget year, total budgeted fossil fuel subsidies over the longer term have reached \$67 billion.

This longer-term total is about 14 times the balance of Australia's Disaster Ready Fund. At a time when Australia is being battered by increasingly damaging climate-induced natural disasters such as Cyclone Alfred, it is telling that the country spends far more subsidising fossil fuels than it does on preparing for the impact of those fuels' continued use.

The increase to \$14.9 billion in 2024–25 from \$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 \$10.2 billion in 2024–25, up from \$9.6 billion in 2023–24. The FTCS is one of the top twenty most expensive items in the Federal Budget: it was the 18th most expensive in 2023–24, and in 2024–25 it was the 16th most expensive. It is Australia's single largest fossil fuel subsidy, worth around \$1 billion to the coal industry alone, and more money is spent on it than on the Australian Army or Air Force.

Other Federal items also contributed significantly to the overall growth in fossil fuel subsidies. Concessions on aviation fuel grew by \$100 million to a total of \$1.7 billion. Concessions on the Petroleum Resource Rent Tax, which benefit major oil and gas producers, cost the Commonwealth an estimated \$165 million. In the Northern Territory, the Commonwealth Government is spending \$1.9 billion to assist the Middle Arm petrochemical hub in Darwin. In NSW, the Commonwealth-owned Australian Rail Track Corporation spent \$171 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: \$1.8 billion in 2024–25 and longer-term commitments worth \$6 billion. The Queensland Government added significant new subsidies, including:

- \$75 million for the Barcaldine Power Station upgrade.
- \$1 million reviewing greenhouse gas storage in areas outside the Great Artesian Basin.

- \$70 million over four years managing the “significant public health and safety, and environmental risks at high-risk abandoned mine sites”.

Western Australia provided \$290 million in assistance to fossil fuel industries in 2024–25, a decrease of \$136 million from 2023–24. The decrease relates mainly to new data being available on recipients of funding from the Investment Attraction Fund, meaning wholly dedicated grants to fossil fuel projects could be estimated, rather than including the whole year’s expenditure as a partial subsidy. The change should not be interpreted as reflecting a change in WA Government policy; longer-term commitments have increased by \$312 million to \$1.4 billion.

The NT Government provided \$202 million in assistance to the oil and gas industry in 2024–25, with longer-term commitments worth \$3.6 billion. However, this figure does not include the gas that the NT Government announced in 2024 that 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-focused road construction funded by the Commonwealth. The NT’s largest assistance measure is 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 \$622 million in pipeline commitments. The government has also committed to spend \$108 million in 2024-25 on the common user ship lift.

Victoria provided \$64 million in assistance to fossil fuel industries in 2024–25, with longer-term commitments worth \$216 million. A large part of Victoria’s spending is on the Hydrogen Energy Chain Pilot project; 2024–25 will be the project’s final year as it appears to have been abandoned by its major backer, Kawasaki Heavy Industries. There is also a land tax concession that is applied to mines, particularly coal mines, in the Latrobe Valley.

South Australia provided \$37 million in assistance to fossil fuel industries in 2024–25, with longer-term commitments worth \$98 million. The most significant spending relates to Port Bonython, a facility used by Santos that is in the vicinity of proposed hydrogen production and export projects.

New South Wales provided \$10 million in assistance to fossil fuel industries in 2024–25, with longer-term commitments worth \$492 million. The government has provided financial guarantees to Origin Energy to keep the Eraring coal-fired power station operating over the next two years. This could see the NSW government paying Origin Energy up to \$450 million.

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 fossil fuels 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.

However, the coming months bring new opportunities to change course. A federal election is likely to be held in May, with members of the current crossbench highlighting fossil fuel subsidy reform as something they will pursue if elected to the next parliament. The costs of Australia's fossil fuel subsidies, both financial and environmental, and the opportunities that phasing out those subsidies could present, should be front and centre of Australia's election debate.

Introduction

Despite repeated promises of climate action, Australia's fossil fuel subsidies have grown steadily over the four years that this report has been compiled in this format. Worse still, they are projected to keep growing, pushed along by the Federal Government's Fuel Tax Credit Scheme.

Nevertheless, there are some reasons for optimism. A federal election is due in May and key members of parliament have stated their intention to push for reduced fossil fuel subsidies if they are re-elected to a hung parliament.¹ Fossil fuel subsidies from most state governments are declining, or at least not growing. Some particularly egregious projects, such as Victoria's brown coal-sourced Hydrogen Energy Supply Chain Project, appear to have collapsed. Meanwhile, the South Australian and Federal Governments appear to be pursuing genuinely clean steel in Whyalla.²

Change may be on the way.

If so, it has been a long time coming. Studies of fossil fuel subsidies in Australia date back to 1994, when a report by the National Institute of Economic and Industry Research (NIEIR) estimated the value of subsidies to the Australian energy sector to be \$1.995 billion.³ The University of Technology Sydney's Institute for Sustainable Futures made several estimates around the turn of the century, estimating a range of between \$9.3 billion and \$10.1 billion in a 2007 Greenpeace-commissioned study.⁴ More recent estimates include:

- The International Monetary Fund (IMF), which put the figure at USD \$44 billion in 2020, including unpaid costs of air pollution and climate change.⁵

¹ Rabe (2024) Crossbench MPs eye tax credit overhaul on major miners, <https://www.afr.com/politics/federal/crossbench-mps-eye-tax-credit-overhaul-on-major-miners-20241023-p5kkqv>

² Vorrath (2025) Albanese pledges \$2.4 billion to rescue Whyalla and Australia's green steel ambitions, <https://reneweconomy.com.au/albanese-pledges-2-billion-to-rescue-whyalla-and-australias-green-steel-ambitions/>

³ NIEIR (1996) *Subsidies to the use of natural resources*, <https://catalogue.nla.gov.au/Record/319092/Details>

⁴ Riedy (2007) *Energy and transport subsidies in Australia: 2007 update*, <https://apo.org.au/node/4203>

⁵ 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.>

- The Organisation for Economic Co-operation and Development (OECD), which put the figure at \$12.4 billion in 2021.⁶
- The Productivity Commission, which estimated that \$1 billion was given to sectors that include fossil fuel activities in 2018–19.⁷

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 their 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 constitute 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 cover the infrastructure’s 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

⁶ 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

⁷ Productivity Commission (2020) *Trade and assistance review 2018-19*, <https://www.pc.gov.au/research/ongoing/trade-assistance/2018-19>

opportunity cost of this use of limited funds is a real cost to government and the community.” – Queensland Treasury⁸

“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 incurred under crucial ‘take or pay’ gas contracts) is estimated to be around \$8 billion.” – Western Australian Treasury⁹

Our approach to calculating subsidies reflects the same logic as the Queensland Treasury: a government’s choice to allocate scarce resources to fossil fuel industries, rather than to other government priorities, 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.

⁸ 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

⁹ 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 2024–25 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 where 2024–25 data was unavailable for an ongoing subsidy, estimates were based on data taken from the relevant 2023–24 documents. Where appropriate, subsidy or assistance estimates were projected over the forward estimates by compiling multi-year funding packages for non-ongoing projects and the capital value of long-term physical assets. The analysis does not include funding for fossil fuel projects or programs announced after the publication of 2024–25 Federal, State and Territory Budget Papers.

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. This includes the current budget year and three years of forward estimates, also known as outyears. Omitting the longer-term value of such subsidies would result in the counterintuitive situation where the current 2024–25 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 2024–25 Federal budget indicates that spending on the Scheme will continue to increase in the future.

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 not 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).

Each item of expenditure has 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: the subsidy was provided 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 \$50 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 was not the exclusive beneficiary. 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 the infrastructure in question. 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 the body receiving an increased budget allocation. Similarly, Queensland Treasury highlights that "mining regulation expenses are now material".¹⁰ 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 being

¹⁰ 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

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 in Australia.

While hydrogen can be derived through a number of different methods—including the use of renewable energy, or 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 with no clear link to fossil fuel facilities.

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 fossil fuel producers and major users and discusses 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.

2024-25 FOSSIL FUEL SUBSIDIES

Every year Australian governments provide subsidies worth billions of dollars to fossil fuel producers and major users. As Table 1 shows, these subsidies cost federal, state, and territory governments a total of \$14.9 billion in 2024–25:

Table 1: 2024–25 fossil fuel subsidies by federal, state and territory governments

	Spending measures (\$)	Tax concessions (\$)	Total assistance (\$)
Federal	195,008,000	12,284,000,000	12,479,008,000
QLD	834,233,000	1,000,00,000	1,834,233,000
WA	290,346,000	N/A	290,346,000
NT	201,850,000	N/A	201,850,000
VIC	64,650,000	N/A	64,650,000
SA	36,760,000	N/A	36,760,000
NSW	10,297,000	N/A	10,297,000
Total	1,633,144,000	13,284,000,000	14,917,144,000

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 2024–25, fossil fuel subsidies cost the public \$28,381. Over the year, this represents \$548 for every person in Australia.¹¹

Table 1 shows that Federal Government tax concessions account for the largest part of overall fossil fuel subsidies, particularly via the Fuel Tax Credits Scheme, which refunds fuel tax to specific users. This subsidy represents one of the largest expenses in the Federal Government’s budget, costing almost \$10.2 billion in 2024–25, more than the expense of the Army or the Air Force. The Fuel Tax Credits Scheme jumped up two places on the federal

¹¹ ABS (2024) *National, state and territory population*,
<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2024>

budget's top 20 programs by expenses, from 18th in 2023–24 to 16th in 2024–25. The cost of the Fuel Tax Credits Scheme is likely to rise through the forward estimates.

The totals in Table 1 are an increase on 2023–24, which saw a total of \$14.5 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. Queensland saw a ramping up of spending on the Brigalow gas peaking plant and a larger rail concession. For further information on each of these, see the Federal and Queensland sections below.

CAPITAL VALUES AND FORWARD ESTIMATES

The results above refer only to fossil fuel subsidies incurred or provided by governments in 2024–25. 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 with the forward estimate's values of ongoing programs (see the methodology section for more explanation).

Table 1: Capital values and forward estimates

	2024–25 (\$)	2023–24 (\$)	2022–23 (\$)
Federal	55,529,584,737	54,323,286,500	49,685,341,000
QLD	5,975,891,000	5,516,591,000	1,757,165,000
WA	1,376,510,255	1,033,650,000	1,425,265,000
NT	3,649,343,000	3,723,595,000	3,593,147,000
VIC	216,100,000	84,000,000	281,600,000
SA	97,956,000	186,740,000	159,764,000
NSW	492,385,000	102,717,667	178,370,000
Total	67,337,769,992	64,970,580,167	57,080,652,000

Source: Budget papers, annual reports and tax expenditure documents



Table 2 shows that Australian governments have budgeted \$67.3 billion over the lifetime of fossil fuel projects and programs listed in 2024–25 budget papers. This represents a \$2.4 billion increase from the 2023–24 figure of \$65 billion.

In contrast with fossil fuel subsidies, the balance of Australia's Disaster Ready Fund was \$4.75 billion in September 2024.¹² In other words, total planned fossil fuel subsidies are 14.2 times larger than the nation's disaster response fund.

Table 2 shows that most of this total budgeted assistance comes from the Federal Government, due to the increasing cost of the Fuel Tax Credits Scheme. Queensland has the

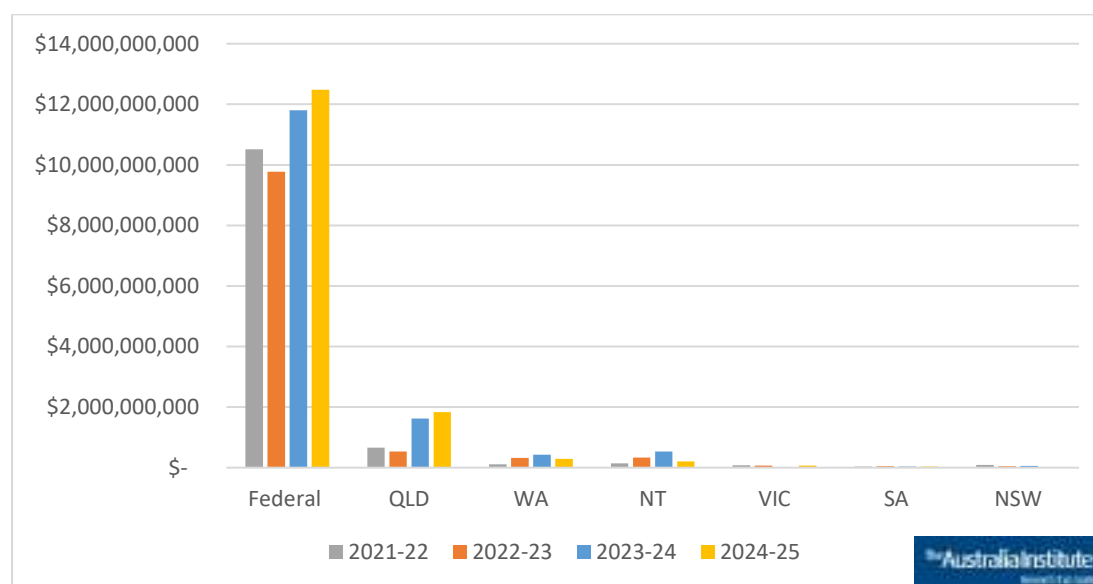
¹² Australian Government (2024) *Disaster Ready Fund*, <https://www.finance.gov.au/emergency-response-fund>

second highest figure, driven by rail concessions and capital spending on its state-owned coal fired power stations and coal ports. The Northern Territory is third due to multi-billion-dollar gas commitments made by its government-owned Power and Water Corporation.

COMPARISON TO PREVIOUS YEARS

The 2024–25 total of \$14.9 billion represents a 3% increase from 2023–24's total of \$14.5 billion. The subsidies provided each year are broken down by jurisdiction in Figure 1 below:

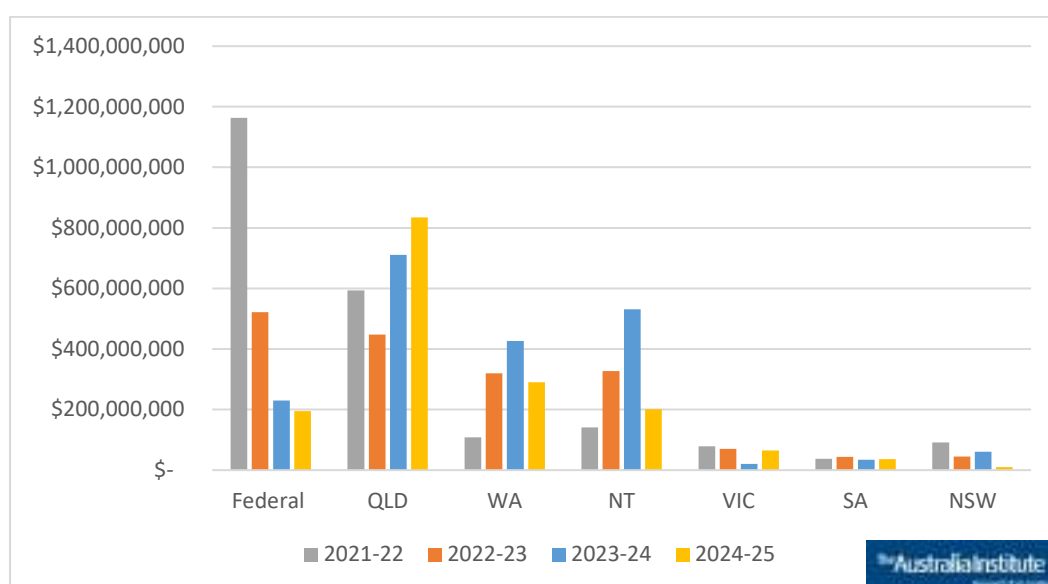
Figure 1: Fossil fuel subsidies 2021–22 to 2024–25 by jurisdiction



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. As overall figures are heavily influenced by the Fuel Tax Credits Scheme, in Figure 2 we have removed all tax concessions from total figures, leaving only spending measures. This allows a comparison to be made between years and jurisdictions.

Figure 2: Total assistance by jurisdiction, 2021–22 to 2024–25 (excluding tax concessions)



Sources: Budget papers and annual reports of government entities

Figure 2 shows that beyond tax concessions, Federal Government subsidies declined from almost \$1.2 billion during the Morrison Government’s “gas-fired recovery” to \$522 million in 2022–23, \$230 million in 2023–24 and \$195 million this year. Much of this change reflects the removal of items such as the Darwin Middle Arm development, the gas-fired Hunter Power Station and the Olive Downs coal mine loan from the Federal Government’s budget. However, these subsidies to long-lived assets remain on the balance sheet of the relevant government entities.

Figure 2 shows that in 2024–25, the Queensland government provided more assistance to fossil fuels than any other government in Australia. Of the \$834 million it budgeted, \$802 million was spent on government-owned coal and gas power stations, coal mines and ports that export and import fossil fuels.

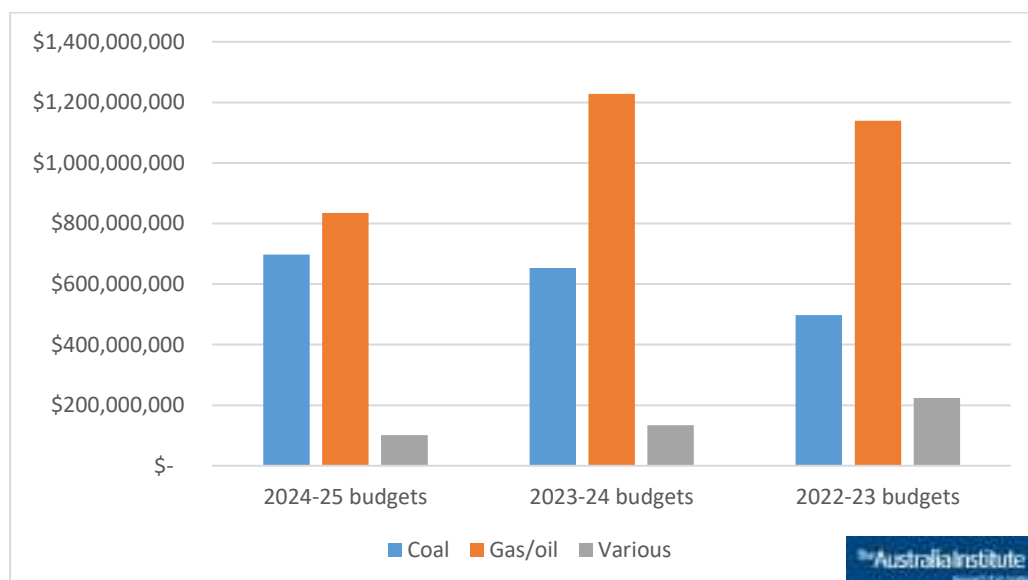
The fall in the Northern Territory’s subsidies largely reflects the apparent completion of road upgrades made specifically for the onshore gas industry. These roads were built to allow access to gas extraction, processing, and export facilities. There was no mention of gas roads in the latest budget papers; it is unclear whether this is because the roads have been renamed, or whether their construction has now been completed. The Middle Arm petrochemical development continues to be a significant subsidy in the Northern Territory.

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 its 2024–25 budget.

2024-25 SPENDING BY INDUSTRY

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

Figure 3: Budget 2024–25 spending by industry segment, not including concessions



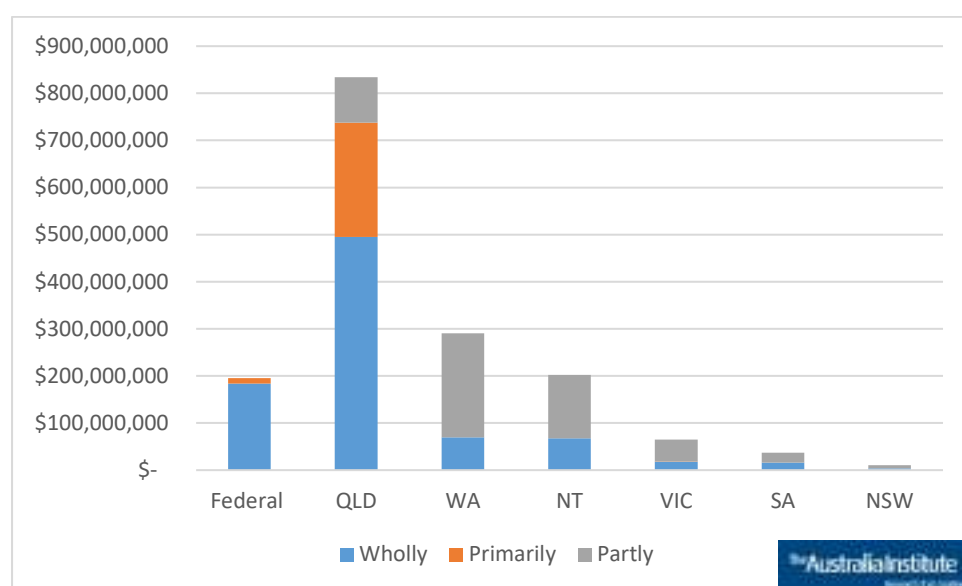
Source: Budget papers and annual reports

Figure 3 shows that since 2022–23, the coal industry has seen a steady growth in subsidies. Oil and gas has seen a small decline but continues to dominate fossil fuel subsidies.

2024-25 SPENDING BY DEDICATION

This report classifies budget spending as wholly, primarily or partly dedicated to fossil fuels. Figure 4 shows total Federal, State and Territory spending in 2024–25 by dedication, not including concessions.

Figure 4: Budget 2024–25 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 are considered wholly dedicated to fossil fuel industries. Subsidies dedicated partly to fossil fuels were important in the NT’s recent spending on port infrastructure as well as WA investment and industry promotion funds.

Federal Government

In 2024–25, the Federal Government provided \$12.5 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 \$10.2 billion. Other tax breaks on fuel excise and the Petroleum Resources Rent Tax (PRRT) account for a further \$2.1 billion.

The Federal Government also provided a total of \$195 million of non tax-based subsidies in 2024–25. Table 3 below sets out the costs of both tax-based and non tax-based subsidies, along with the total assistance provided in 2024–25. The equivalent figures for 2023–24 are also provided for comparison.

Table 2: Federal Government fossil fuel subsidies 2023–24 and 2024–25

Dedication to fossil fuels	2024–25 Budget spending (\$)	2024–25 tax concessions (\$)	Total 2024–25 assistance (\$)	Total 2023–24 assistance (\$)
Wholly	183,814,000	12,229,000,00	12,412,814,000	11,641,075,000
Primarily	11,194,000	55,000,000	166,194,000	161,879,000
Partly	-	-	-	-
Total	195,008,000	12,284,000,000	12,479,008,000	11,802,954,000

Source: Federal Government Budget Papers 2023–24 and 2024–25; annual reports of Federal Government controlled entities; *Tax Expenditure and Insights Statement 2024*



Table 3 shows that Federal Government assistance to the fossil fuel sector in 2024–25 is \$676 million more than it was in 2023–24, driven by the increase in the cost of the Fuel Tax Credits Scheme.

Over the longer term, the total estimated value of fossil fuel subsidies for 2024–25 Federal projects and programs—including capital value and budget paper forward estimates—is \$55.5 billion. This is an increase of \$1.2 billion from last year’s total of \$54.3 billion, as shown in Table 4 below:

Table 3: Federal Government fossil fuel subsidies—total project/program funding

Dedication to fossil fuels	Total value 2024–25 (\$)	Total value 2023–24 (\$)
Wholly	54,948,008,000	51,460,400,000
Primarily	281,576,000	2,562,886,000
Partly	300,000,000	300,000,000
Total	55,529,584,000	54,323,286,000

Source: Federal Government Budget Papers 2023–24 and 2024–25; annual reports of Federal Government controlled entities; *Tax Expenditure and Insights Statement 2024*



As discussed below, these totals include the Albanese government’s subsidy for gas export infrastructure at Middle Arm in Darwin, as well as projects such as Snowy Hydro’s gas-fired Hunter Power station. 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.¹³ 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 that run on different fuels. Fuel tax is not linked to road funding,¹⁴ as is commonly suggested by recipients of this subsidy; it simply contributes to general revenue, like most other federal taxation. More information about the Fuel Tax Credits Scheme can be found in *Australia’s Fuel Tax Credits and the debate of fossil fuel subsidies*.¹⁵

The cost of the Scheme has increased steadily over the years—more than doubling from under \$5 billion in 2008–09 to \$10.2 billion in 2024–25. Rapid growth is expected in the

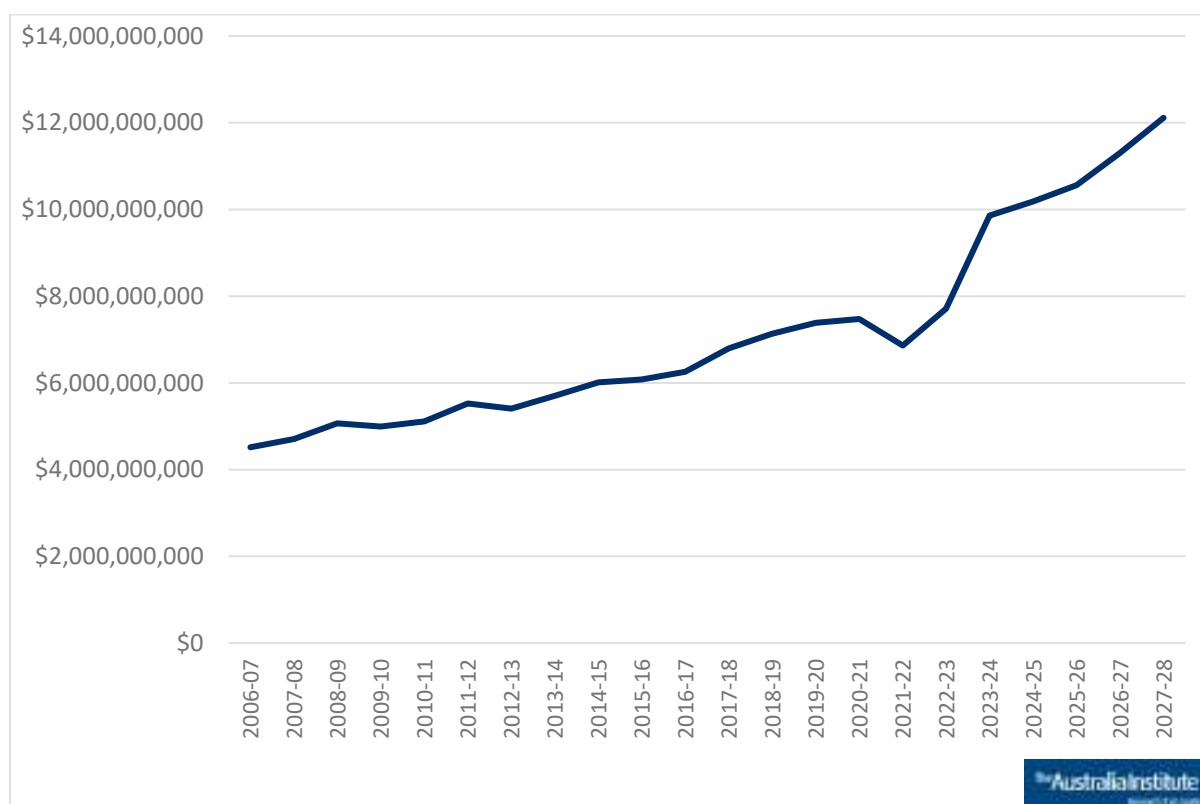
¹³ ATO (2021) *Fuel tax credits – business*, <https://www.ato.gov.au/Business/Fuel-schemes/Fuel-tax-credits---business/>

¹⁴ 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>

¹⁵ Campbell et al. (2024) *Australia’s Fuel Tax Credits and the debate of fossil fuel subsidies*, <https://australiainstitute.org.au/report/australias-fuel-tax-credits-and-the-debate-over-fossil-fuel-subsidies/>

coming years—as shown in Figure 5 below, the cost of the Scheme is forecast to reach \$12.1 billion in 2027–28:

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



Source: Australia Taxation Office (2024) *Taxation statistics 2022-23, Excise and fuel schemes*, Table 4; Australia Government (2024) *Budget Paper 1*.

The impact of the COVID-19 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 the resulting energy price spikes had a far larger effect on the cost of the Scheme. Had this change not been made, the Scheme’s cost was expected to reach \$8.07 billion in 2021–22.¹⁶ Following the 2022 election, the Albanese Government kept fuel excise low, returning it to previous levels only in late 2022/early 2023.¹⁷

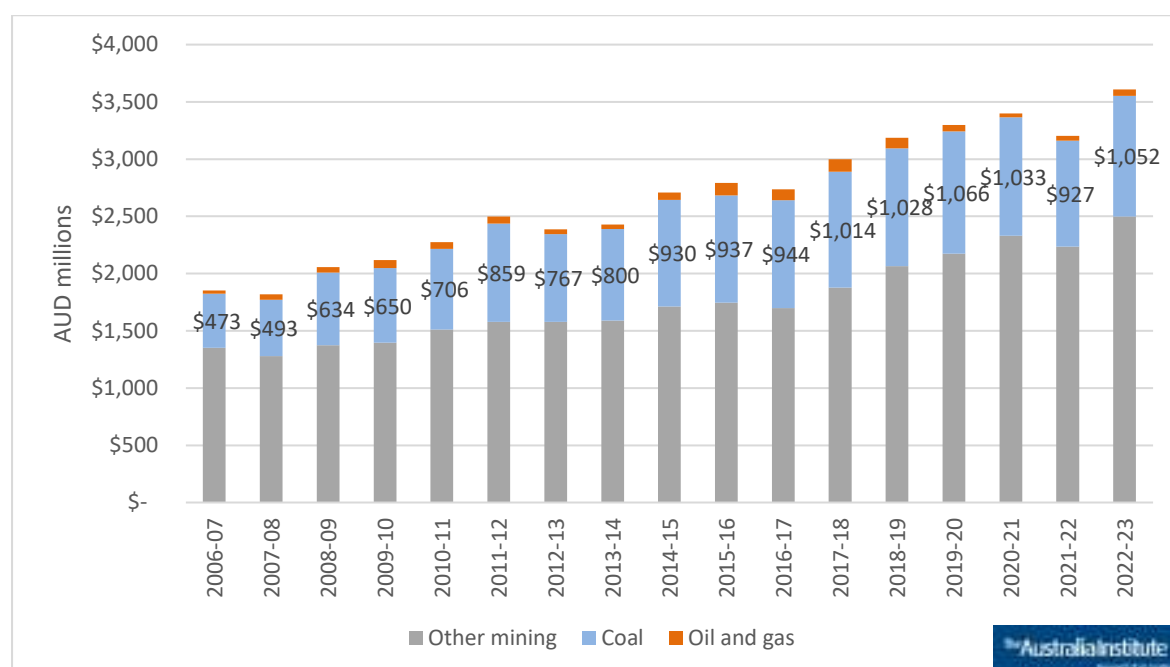
It was the return of fuel excise rates to pre-2021 levels that caused the decline in the cost of the Fuel Tax Credits Scheme visible in Figure 5, not a decline in fossil fuel use or a reduction in fossil fuel subsidies. With the return to the full rate of fuel excise and no policy to reduce Australia’s diesel use, the cost of the Fuel Tax Credits Scheme is budgeted to increase by 23% from 2023–24 to 2027–28.

¹⁶ Australian Government (2023) *Budget strategy and outlook: Budget Paper 1*

¹⁷ 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/>

The Fuel Tax Credits Scheme does not only subsidise the consumption of fossil fuels; fossil fuel producers themselves are key beneficiaries. The total benefit provided by the Scheme to the coal industry between 2006–07 and 2022–23 is \$14.3 billion, as shown in Figure 6 below.

Figure 6: Fuel tax credits and the mining industry



Source: Australia Taxation Office (2024) *Taxation statistics, Excise and fuel schemes*, Table 4

Using the latest taxation data, Figure 6 shows that as of 2022–23, the Fuel Tax Credits Scheme was worth over \$3.5 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.¹⁸

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.¹⁹ 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.

¹⁸ Fuel Tax Credit Alliance (2020) *Fuel tax credits*, <http://fueltaxfacts.com.au/>

¹⁹ Australian Government (2024) *2024-25 Tax Expenditures and Insights Statement*, <https://treasury.gov.au/publication/p2025-607085>

Table 5: Tax-based fossil fuel subsidies 2024–25, 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	1,700,000,000
Excise concessions for “alternative fuels” (including LPG and LNG)	Wholly	Consumption	180,000,000
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			2,100,000,000

Source: Tax Expenditures and Insights Statement, December 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.

The concession for aviation fuels has increased from \$1.59 billion in 2023–24 to \$1.7 billion in 2024–25. The forward estimates expect the concession to be worth more than \$2 billion by 2027–28. 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 2050.²⁰

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.

²⁰ 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

Regional cooperation initiative on carbon sequestration

In 2023, the Federal Government and Opposition passed controversial legislation to allow for international shipment of carbon dioxide (CO₂). The legislation was widely seen as being designed for gas company Santos, which needed laws changed to facilitate a CCS proposal at its facilities in the waters of Timor-Leste.²¹

The new laws facilitated not only Santos' project but the possibility of international trade in waste CO₂. The Japanese and Korean Governments have enthusiastically embraced the opportunity to claim that future emissions will be stored underground in Australian territory, despite the idea being entirely unproven.²²

The Australian Government will spend \$32.6 million over four years to establish a regulatory framework to allow Australia to import carbon emissions from other countries and store them underground in geological storage sites.

Northern Endeavour decommissioning

An undisclosed amount will be spent by the federal government 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 "build Australia's resource wealth by unlocking new exploration frontiers, securing a pipeline of future mineral and energy resource discoveries."²³ The funding for this program was \$11.2 million in 2023–24, which we have categorised as primarily dedicated to the oil and gas industry.²⁴

²¹ Long (2023) *How Labor out-loved the Coalition in its embrace of big oil and gas*,

<https://australiainstitute.org.au/post/how-labor-out-loved-the-coalition-in-its-embrace-of-big-oil-and-gas/>

²² Austrade (2024) *INPEX and Chubu Electric Power to explore CCS value chain between Japan and Australia*,

<https://international.austrade.gov.au/en/news-and-analysis/news/inpex-and-chubu-electric-power-explore-ccs-value-chain-between-japan-and-australia>

²³ Geoscience Australia (2024) Annual report 2023-24, p 15, <https://www.ga.gov.au/about/corporate-documents/annual-report>

²⁴ Geoscience Australia (2024) Annual report 2023-24, p 75

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.²⁵

While its costs are not identified in Federal Government budget papers, GISERA's *Annual Research and Development Plan* includes financial details.²⁶ Not all of GISERA's funding is public: 30% comes from the gas industry. As such, only 70% of GISERA's spending has been included in our calculations.

The publicly-funded proportion of GISERA's budget in 2023–24 was \$11.2 million, and another \$13 million is allocated over the forward estimates. This has been included as a Federal Government subsidy because the Federal Government has supplied the majority of funding. This fossil fuel subsidy has been categorised as wholly dedicated to the 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 for the project is \$950 million, and the project may not include a hydrogen component as previously promised.²⁷ The project is expected to enter the testing and commissioning phase in December 2024. We have used \$950 million as the figure for the project's total capital value.

Hunter Valley rail network—coal

The Federal Government-owned Australian Rail Track Corporation (ARTC) is responsible for the Hunter Valley Coal Rail Network. Previous ARTC annual reports have separately identified investment in coal infrastructure but this year they have not. Instead, it has been indirectly calculated. In the most recent annual report, ARTC has set a goal of 80% of accumulated growth capital invested in non-coal infrastructure, claiming that this was 85.4%

²⁵ 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/>

²⁶ GISERA (2024) *Annual Research and Development Plan, Budget and Summary, 2024/25*, https://gisera.csiro.au/wp-content/uploads/2024/08/GISERA_Annual-Research-Development-Plan-and-Budget-2024-25.pdf and GISERA (2023) *Annual Research and Development Plan, Budget and Summary, 2023/24*, https://gisera.csiro.au/wp-content/uploads/2023/09/CSIROs-GISERA_Annual-Research-Development-Plan-and-Budget-2023-24.pdf

²⁷ 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>

in 2023–24.²⁸ From this 14.6% must have been invested in coal. The ARTC 2023–24 Annual Report also states that the group has capital commitments of \$1,169.8 million, of which \$140.8 million (14.6%) is to be invested in coal infrastructure.

CONCESSIONAL FINANCE

Export Finance Australia

Export Finance Australia (EFA)—previously the 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, 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 previously reported LNG projects separately but in its most recent annual report it has combined these figures with its figures for other mining projects, effectively hiding them from public scrutiny. Because of this last year’s figures have been used, giving EFA an overall exposure to the LNG industry of \$378 million.

Northern Australia Infrastructure Facility

The Northern Australia Infrastructure Facility (NAIF) is a \$5 billion fund that issues loans to infrastructure projects across northern Australia, including those in 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 2023–24 annual report includes funding to support the Perdaman Urea Project, which will be a major consumer of gas from nearby projects, including Woodside’s Scarborough field. This also helps support the Burrup Hub.³¹ NAIF will assist with \$220

²⁸ Australian Rail Track Corporation (2024) Annual report 2023–24, <https://www.artc.com.au/about/reports/annual-reports/>

²⁹ Fletcher & Campbell (2017) *Submission: Export Finance and Insurance Corporation Amendment (Support for Commonwealth Entities) Bill 2016 [provisions]*, <https://australiainstitute.org.au/report/export-finance-and-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/>

³¹ Perdaman (2018) *Western Australia set for \$4.3b urea plant after Woodside gas deal*, <https://perdaman.com.au/2018/11/22/western-australia-set-4-3b-urea-plant-woodside-gas-deal/>

million in subsidised loans for related water and port infrastructure. We consider all of this to be 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.

Queensland

Queensland produces the most coal of any state and more gas than every state except Western Australia.³² Queensland has the most coal mines currently operating,³³ as well as the most proposed mines—of the 50 new coal projects listed on the Australian Government’s Major Projects list, 35 are in the state.³⁴

Via various state-owned corporations, the Queensland Government owns and operates coal mines and both coal and gas-fired power generators 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 totalled \$834 million in 2024–25, as shown in Table 6 below:

Table 6: Queensland Government 2024–25 fossil fuel subsidies

Dedication to fossil fuels	2024–25 Budget spending (\$)	Concessions (\$)	Total 2024–25 assistance (\$)
Wholly	494,971,000	-	494,971,000
Primarily	242,420,000	51,700,000	294,120,000
Partly	96,842,000	948,300,000	1,045,142,000
Total	834,233,000	1,000,000,000	1,834,233,000

Source: Queensland Government (2024) Budget Papers 2024-25



Table 6 also lists “concessions”. These are a somewhat unique feature of Queensland’s budget, which lists the cost of under-pricing state services. Concessions relevant to fossil fuel industries relate to the use of the major coal and gas export ports and also to rail infrastructure used by the coal industry. As shown in Table 6, these concessions amount to \$1 billion; the vast majority (some \$946 million) relates to rail network infrastructure funding.

The total estimated fossil fuel subsidies, including capital values of non-ongoing projects and forward estimates for ongoing 2024–25 projects and programs, is almost \$6 billion. This is

³² 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>

³³ Australian Government - Department of Industry, Science and Resources (2024), p. 47, 56, *Resources and Energy Quarterly - June 2024*, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-june-2024>

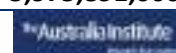
³⁴ Australian Government – Department of Industry, Science and Resources (2024) *Resources and energy major projects: 2024*, <https://www.industry.gov.au/publications/resources-and-energy-major-projects-2024>

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 capital value and forward estimates

Dedication to fossil fuels	Capital values/forward estimates (\$)
Wholly	620,867,000
Primarily	956,273,000
Partly	4,398,751,000
Total	5,975,891,000

Source: Queensland Government (2024) *Budget Papers 2024-25*



Fossil fuel subsidies in Queensland have increased since 2023-24. This increase was driven by the ramping up of spending on the Brigalow gas peaking plant. There was also significant spending on the Callide Power Station, which was damaged in an explosion in 2021, albeit less than in 2023–24. The cost of ongoing maintenance for other coal-fired power stations—including the Kogan Creek Power Station (coal), Stanwell Power Station (coal) and Tarong Power Station (coal)—also drove up subsidies.

NEW QUEENSLAND FOSSIL FUEL SUBSIDIES

Several new subsidies have been added to this report for 2024–25:

- The Barcaldine Power Station upgrade is a \$75 million project that will add a 30MW hydrogen-ready gas generator. More information is below.
- The Queensland Government will spend \$1 million reviewing greenhouse gas storage in areas outside the Great Artesian Basin.
- The Queensland Government has also committed another \$70 million over four years for managing the “significant public health and safety, and environmental risks at high-risk abandoned mine sites”.³⁵

³⁵ Queensland Government (2024) *Budget Papers 2024-25*, BP4, p79

COAL MINES AND POWER STATIONS

Swanbank E Power Station

Swanbank E is a 385 megawatt (MW) gas-fired power station in South East Queensland operated by state-owned CleanCo.³⁶ Swanbank E was mothballed in 2014, but brought back online in 2017 with financing from the Queensland Government.³⁷ In March 2023, the Queensland Government announced plans to transform Swanbank E into a Clean Energy Hub, which will include green hydrogen infrastructure.³⁸ This year's budget allocates \$26 million to Swanbank E (up from \$12.9 million in 2023–24) for overhauls, maintenance and upgrades of generator units, including preparing for an overhaul of the gas turbines.

It is not yet clear whether these turbine upgrades will allow the plant to run on 100% hydrogen, or merely allow it to run on a blend of gas fuels that includes some hydrogen. As there is currently nowhere near a sufficient supply of green hydrogen to power this plant, it is most likely that these turbine upgrades will simply facilitate the continued use of natural gas, and possibly some gas-derived “grey” hydrogen.

CleanCo is also building and installing battery storage at the Swanbank site; \$274.8 million was allocated for this in 2024–25, and \$403.4 million for the whole project. This funding is not considered a fossil fuel subsidy.

Kogan North Gas Field

Gas from the Kogan North Gas Fields in the Darling Downs Region will supply the Swanbank E gas-fired power station.³⁹ The development is a joint venture between CleanCo and Arrow Energy, agreed to in October 2020.⁴⁰ The budget allocates \$6.9 million in 2024–25 and \$62.4 million for the whole project, which we have classified as wholly dedicated to fossil fuels.

³⁶ CleanCo Queensland (n.d.) *Factsheet Swanbank E Power Station*, https://cleancoqueensland.com.au/wp-content/uploads/Documents/Assets_and_Projects/Factsheet_Swanbank-E.pdf

³⁷ Morrison (2021) *Queensland writes off Swanbank E gas-fired power plant*, <https://www.argusmedia.com/en/news/2184709-queensland-writes-off-swanbank-e-gasfired-power-plant>

³⁸ 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>

³⁹ CleanCo Queensland (2021) *CleanCo Annual Report FY21*, <https://www.cleancoqld.com.au/wp-content/uploads/2021/09/CleanCo-Annual-Report-20214.pdf>

⁴⁰ Ibid.

CS Energy: Callide, Kogan Creek and Brigalow

Callide Power Station

Callide Power Station is a 1,525 MW black coal-fired power station in Biloela, Central Queensland, operated by government-owned CS Energy.⁴¹ 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 of Callide C caused widespread blackouts that lasted several hours and affected almost 500,000 homes from southern Queensland to Cairns.⁴² Despite being one of the state's newest power stations, a "supercritical" plant built in 2001, Callide C broke down eight times in 2020 alone.⁴³ Energy lost in the 2021 blackout was replaced by energy from the Wivenhoe pumped-hydroelectric power station and Swanbank E gas-fired power station.⁴⁴

The 2024–25 budget allocates \$108.3 million to Callide Power Station for "overhauls, enhancements and refurbishments to existing infrastructure". This comes on top of the \$185 million allocated for these purposes last year and the \$45 million allocated in 2022–23.

Kogan Creek Power Station

Kogan Creek Power Station is a 750 MW black coal power station in southwest Queensland.⁴⁵ It is supplied by the Kogan Creek Mine, with run of mine (ROM) coal production of 2.8 Mtpa.⁴⁶ The budget allocates a total of \$45.6 million to the project—\$25.5 million to Kogan Creek Power Station and \$20.1 million to the Kogan Creek Mine—which we have classified as wholly dedicated to fossil fuels.

Brigalow Peaking Power Plant

On behalf of the Queensland Government, CS Energy has also begun development of the Brigalow Peaking Power Plant, which is adjacent to the Kogan Creek Power Station. This is a gas peaking plant that has been described as "hydrogen ready", because it is designed to

⁴¹ CS Energy (n.d.) *Callide Power Station*, <https://www.csenergy.com.au/what-we-do/generating-energy/callide-power-station/callide-power-station>

⁴² 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>

⁴³ 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>

⁴⁴ Smee (2021) *Coal-fired power plant that caused Queensland blackouts broke down eight times in past year*

⁴⁵ CS Energy (n.d.) *Kogan Creek Power Station*, <https://www.csenergy.com.au/what-we-do/thermal-generation/kogan-creek-power-station>

⁴⁶ 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>

allow for a blended fuel mix of up to 35% hydrogen and 65% natural gas. Hydrogen will be supplied by the nearby Kogan Creek Renewable Hydrogen Demonstration Plant.

However, this plant only has a 1MW electrolyser, and given the 400MW capacity of the peaking plant, it seems unlikely that this plant will use green hydrogen in quantities anywhere near its technically possible 35/65 blend. Instead, it will rely on fossil gas from the Roma-to-Brisbane Pipeline and may also use grey or black hydrogen if available. As they are derived from natural gas and/or coal, these forms of hydrogen are both also fossil fuels.

Since the fraction of green hydrogen involved in this project is likely to be very small, we have classed the expenditure on the plant— \$174.6 million in the 2024–25 Queensland budget, and an expected total value of \$642 million—as being primarily dedicated to fossil fuels.

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.⁴⁷

In April 2021, Stanwell Corporation revealed plans to transition away from fossil fuels and towards renewables. These plans include trying to increase flexibility of electricity supply and the possibility of coal generating units being taken offline for parts of the year.⁴⁸

The budget allocates \$52.9 million to Stanwell Power Station to replace and refurbish existing infrastructure, which is down from \$60.9 million in 2023–24 which has been classified as wholly dedicated to fossil fuels.

Barcaldine Power Station

A total of \$75 million, including \$44.5 million in 2024-25, has been allocated for the construction of a 30MW hydrogen-ready gas generator at the state-owned Barcaldine Power Station,⁴⁹ where the existing gas fired generators are planned to be decommissioned in the next five years. It is not clear where the power station will source the hydrogen and how that hydrogen will be created; and given the scarcity of green hydrogen supply

⁴⁷ Stanwell (n.d.) Stanwell Power Station, <https://yhejitl3sl24wn203q4vn14z-wpengine.netdna-ssl.com/wpcontent/uploads/FactSheet-Stanwell-MAY-2018.pdf>

⁴⁸ 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>

⁴⁹ Department of Energy and Climate (2024) *Hydrogen investment and funding*, <https://www.energyandclimate.qld.gov.au/hydrogen/information-for-industry/hydrogen-investment-and-funding>

discussed above, the reality is Barcaldine Power Station will continue to rely on fossil gas to generate electricity for the foreseeable future. As such, this upgrade has been classed as primarily a fossil fuel subsidy.

Meandu mine & Tarong Power Station

The Meandu coal mine is operated by the state-owned Stanwell Corporation 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.⁵⁰ The mine is also used to deposit ash waste from Tarong Power Stations.⁵¹

In August 2021, Stanwell committed to expanding the Meandu mine, increasing pit size by 7% but maintaining the mine's total production rate to ensure feedstock for Tarong and Tarong North power stations.⁵² The 2024–25 budget allocates \$50.2 million to the Meandu mine—up from \$29.5 million in 2023–24—which has been classified as wholly dedicated to fossil fuels.

The Tarong Power Stations are among Queensland's largest electricity generating sites, comprised of four units capable of producing 350 MW and one with a capacity of 443 MW.⁵³ In December 2020, Stanwell Corporation wrote down the value of both the Tarong Power Stations and the Stanwell Power Station by a total \$719.5 million.⁵⁴ The 2024–25 budget allocates \$131.4 million—up from the previous year's \$77.2 million—to Tarong Power Station, for the replacement and refurbishment of existing infrastructure. We have classified this expenditure as being wholly dedicated to fossil fuels.

PORTS

Fossil fuel subsidies in the Queensland budget include funding for a number of ports. Queensland's port sector is a significant recipient of budget infrastructure funding intended to support both imports and exports. Port-related budget funding is granted to four port companies: Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited and the Port of Townsville Limited. These companies manage imports and exports of fossil fuels (gas, coal,

⁵⁰ Stanwell (n.d.) Meandu Mine, <http://www.stanwell.com/wp-content/uploads/Fact-sheet-Meandu-MineAUGUST-2016.pdf>

⁵¹ Ibid.

⁵² 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>

⁵³ Stanwell (n.d.) *Our power stations*, <https://www.stanwell.com/energy-assets/our-power-stations/>

⁵⁴ Mazengarb (2020) *Queensland budget delivers \$500m renewables fund, as coal plant revenues slump*

oil/petroleum products), along with other commodities 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 2022–23 financial year, the Port of Cairns imported over 500,000 tonnes of petroleum products.⁵⁵ Funding of \$10.6 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 channel navigation improvements.

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; a small amount of LP gas, petroleum coke and other petroleum products are imported via this facility.⁵⁶ Relevant funding for the Gladstone Ports Corporation goes to the RG Tanna Coal Terminal Projects (\$60.5 million, which we have classified as wholly dedicated to coal), as well as information systems projects, wharf improvements, and plant, equipment, and minor works totalling \$20.1 million, which we have classified as primarily dedicated to fossil fuels.

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. Abbot Point is the Australia's northernmost coal export port,⁵⁷ while petroleum is the largest throughput for the Port of Mackay.⁵⁸ Overall trade through North Queensland Bulk Ports increased by 4.8% in 2022–23, with coal making up 88% of throughputs for all North

⁵⁵ Ports North (2023) *Ports North Annual Report 2022 | 2023*, p 17, <https://documents.parliament.qld.gov.au/tp/2023/5723T1464-ED43.pdf>

⁵⁶ Gladstone Ports Corporation Limited (2023) *Cargo Statistics Selections*, <https://content3.gpcl.com.au/viewcontent/CargoComparisonsSelection/>

⁵⁷ 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

⁵⁸ 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>

Queensland Bulk Ports. Of these coal exports, 80% are metallurgical coal and 20% thermal coal.⁵⁹

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, wharf improvement, and building upgrades. Works on the Middle Breakwater fuel line at the Port of Mackay are designed to increase resilience of refuelling services to storm damage.⁶⁰ 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. Fossil fuel subsidies for the North Queensland Bulk Ports Corporation were \$27.7 million in the budget, an increase from \$18.5 million in 2023–24.

Port of Townsville

The Port of Townsville is a major Queensland port through which companies including Shell, Mobil, Caltex, BP, and Ampol have been importing oil and petroleum products since the 1930s.⁶¹ The Port of Townsville imports and exports a range of products, including cement, vehicles, sugar, timber, agricultural products and minerals.⁶² Liquid fuel was the largest import in 2022–23, comprising 51% of total imports, up 9% from 2020–21.⁶³ The Townsville Hydrogen Hub for green hydrogen is currently in its early stages, and will use Port of Townsville infrastructure.⁶⁴

The Townsville Channel Capacity Upgrade (TCCU) was the largest fossil fuel subsidy provided to the Port of Townsville in 2023–24, as it has been for the past three years. The project 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. It has been allocated \$18.4 million for the coming year, in which it is due to be completed; this funding is classified in this report as partly dedicated to fossil fuels. The TCCU has also previously received funding from the Australian Government.

⁵⁹ Ibid.

⁶⁰ 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

⁶¹ Port of Townsville (n.d.) *Port History*, <https://www.townsville-port.com.au/about/port-history/>

⁶² Ibid.

⁶³ 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

⁶⁴ 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>

Other funding for the Port of Townsville totalling \$24.5 million goes to plant, equipment and minor works, road network upgrades and wharf facilities upgrades; all of these are classified in this report as primarily for fossil fuels.

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 that contains large liquefaction facilities including Australia Pacific LNG, Santos Gladstone LNG, Queensland Curtis LNG, as well as Southern Oil's northern oil refinery.⁶⁵ The budget dedicates \$1.6 million to the Gladstone State Development area which has been classified as partly dedicated to fossil fuels.

Salisbury Plains Industrial Precinct

The Salisbury Plains Industrial Precinct is located within the Abbot Point State Development Area and has been identified by the Queensland Government as being suitable for supporting infrastructure for the Adani/Carmichael Rail, Adani Abbot Point Coal Terminal, GVK Hancock Rail and Queensland Coal Investment projects.⁶⁶ Industries considered suitable for the area include an LNG facility, a fuel storage facility and associated infrastructure, and extractive industries.⁶⁷ The budget dedicates \$250,000 to the Salisbury Plains Industrial Precinct, a figure classified in this report 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

⁶⁵ Queensland Government (n.d.) *Gladstone State Development Area*, <https://www.statedevelopment.qld.gov.au/coordinator-general/state-development-areas/current/gladstone-state-development-area>

⁶⁶ Economic Development Queensland (n.d.) *Salisbury Plains Industrial Precinct*, <https://industrial.edq.com.au/Salisbury-Plains-Industrial-Precinct-property-for-sale>

⁶⁷ Economic Development Queensland (n.d.) *Salisbury Plains Industrial Precinct*

access to industrial and resource development areas.⁶⁸ 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.⁶⁹ The budget dedicates \$200,000 to the Townsville Regional Industrial Estate, the same amount dedicated in the previous budget. This has been classified as partly dedicated to fossil fuels.

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 (i.e. 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 in forgone revenue are included in the Concessions Statement.⁷⁰

Concessions that constituted fossil fuel subsidies include those made by port corporations to organisations and businesses; such concessions delivered by government-owned corporations (GOC) include:

- Rail network and infrastructure funding worth \$946.3 million, which we determine to be partly dedicated to fossil fuels (various);
- Funding to Far North Queensland Ports Corporation Limited worth \$2 million, which we determine to be partly dedicated to fossil fuels (oil);
- Funding worth \$43.4 million to Gladstone Ports Corporation Limited, which we determine to be primarily dedicated to fossil fuels (various);
- Funding worth \$1.5 million to North Queensland Bulk Ports Corporation Limited, which we determine to be primarily dedicated to fossil fuels (various); and
- Funding worth \$6.8 million to the Port of Townsville Limited, which we determine to be primarily dedicated to fossil fuels (oil).

All of the above GOCs also provide concessions via Concessional Leases (Industry, Commercial and Community), which are provided below commercial rates to industry participants. Gladstone Ports Corporation Limited also provides Concessional Port Charges where port charges are contracted at significantly below market rates.⁷¹

⁶⁸ Queensland Government (n.d.) *Townsville State Development Area*, <https://www.statedevelopment.qld.gov.au/coordinator-general/state-development-areas/current/townsville-state-development-area>

⁶⁹ Ibid.

⁷⁰ Queensland Government (2024) *Queensland Budget 2024-25 – Budget Strategy & Outlook | Budget Paper No. 2* p. 208

⁷¹ Ibid.

The largest relevant item in the Concession Statement relates to rail network and infrastructure funding. 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 Statement. Nevertheless, we have categorised this item as only partly related to fossil fuels, as the description in the Concession Statement includes references to other users.⁷²

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.

⁷² Queensland Government (2024) *Queensland Budget 2024-25 – Budget Strategy & Outlook | Budget Paper No. 2*, p. 230

Western Australia

Analysis of the most recent Western Australian (WA) Government budget papers suggests fossil fuel assistance measures of \$290.3 million in 2024–25. Over the full budget projection period to 2027–28, the total assistance provided to fossil fuel industries is expected to be around \$1.4 billion.

Given that WA is the nation’s largest oil and gas producing state, the vast majority of the assistance—\$246 million, or 85%—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 Synergy, the WA Government-owned electricity supplier.

A significant majority of the assistance provided by the WA government—\$221 million or 76%—is categorised as only partly benefiting fossil fuels. These assistance measures notionally support a wide range of industries, particularly through investment promotion schemes. Projects within the schemes often explicitly support the gas industry and carbon sequestration projects, but the precise budgets of these projects can be difficult to isolate. The remaining 24%—worth some \$69.8 million—is considered as being wholly aimed at supporting fossil fuels. This means that none of the WA Government’s subsidies fall into the “primarily targeted” category.

Table 8 outlines the breakdown of the subsidies by fossil fuel and scope for 2024–25 and for total subsidies over the projection period.

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

	2024–25 expenditure (\$)	Capital values/forward estimates (\$)
Wholly	69,777,000	247,051,000
Primarily	-	-
Partly	220,569,000	1,129,459,000
Total	290,346,000	1,376,510,000
Coal	20,540,000	28,851,000
Gas	245,878,000	756,367,000
Various	23,928,000	591,292,000
Total	290,346,000	1,376,510,000

Source: Government of Western Australia (2024) Budget Papers



Subsidies and assistance measures are projected to be lower in 2024–25 than in 2023–24: the \$290.3 million budgeted for 2024–25 is \$128.2 million less than in 2023–24, a difference of 31%.

It is important to note that while this appears to represent a significant reduction in subsidies, the difference comes mainly from the availability of data on recipients of funding from the state's Investment Attraction Fund (discussed below). Such data was not available in previous years, so the Fund's entire annual expenditure was included as a partial subsidy. The new data makes it possible to estimate the size of wholly dedicated grants to individual fossil fuel projects.

In short, then, the change should not be interpreted as reflecting a change in WA Government policy.

INVESTMENT ATTRACTION FUND

The WA Government's Investment Attraction Fund partially supports the fossil industries by "prioritising identified projects and sectors for strategic development including energy primary industries... and mining equipment".⁷³ Some grants from this fund are not related to fossil fuels, but grants to four projects have been classified as being subsidies that wholly benefit the oil and gas industry:

- \$15 million to Australian Gas Infrastructure Group for the construction and operation of a transmission pipeline for an offshore, multi-user carbon capture and storage (CCS) hub in WA's Pilbara region;
- \$15 million to Future Energy Exports, an LNG exporter for an energy transformation hub;
- \$11 million to Mitsui E&P Australia for the Cygnus carbon capture and storage hub; and
- \$2.4 million to Onslow Marine Support Base for optimisation of a gas marine support base.

STRATEGIC INDUSTRIES FUND

The Strategic Industries Fund is delivering common user and other enabling infrastructure at strategic industrial areas across the state. The strategic industrial areas are located around several existing LNG exporting areas and could therefore be considered as support related to seaports and the LNG industry.⁷⁴ In addition, four of the six areas have some dealings

⁷³ WA Government (2024) *Investment Attraction Fund*, <https://www.investandtrade.wa.gov.au/opportunities/investment-attraction-fund>

⁷⁴ WA Government (2024) *Strategic Industrial Areas – Western Australia*, <https://siawa.com.au/>

with either gas, petroleum, or coal, and all these areas also target new carbon capture, utilisation and storage projects.⁷⁵

Only \$6 million was spent in 2024–25 but the \$500 million fund has been included in the capital value as a partial subsidy to various industries.⁷⁶

The government is also spending \$1.5 million on subsidised leases in strategic industrial areas, including a 100% rebate for eligible tenants,⁷⁷ and \$17.2 million will be spent on an access road to the Oakajee Strategic Industrial Area.⁷⁸ This new industrial area is adjacent to a deep-water port with natural gas identified as a target industry.

HYDROGEN

An important area of consideration for subsidies to the fossil fuels industries in WA relates to policies and assistance measures aimed at the development of hydrogen projects. Such measures are often described as being aimed at the development of green hydrogen infrastructure, or the industry more generally. It can be difficult to ascertain whether, if the ‘green’ aspect of the relevant project fails, the project will remain as an assistance measure for fossil fuel-based hydrogen.

One such project is the Pilbara Hydrogen Hub,⁷⁹ which is to receive almost \$15 million in 2024–25. While it is notionally focused on green hydrogen, the project aims to develop “large scale hydrogen production” as well as pipelines to Maitland and Burrup Strategic Industrial Areas, both of which have extensive gas industry facilities.⁸⁰ As such, this subsidy is treated as partially benefiting fossil fuels.

The budget papers, under industry development, also allocate almost \$18 million to renewable hydrogen.⁸¹ The focus of this program does not appear to include fossil fuels and so we have not included it in our calculation of fossil fuel subsidies. Future editions of this report will continue to monitor the documented government assistance to green hydrogen initiatives closely, along with the likelihood they are evolving into explicit fossil fuel subsidies.

⁷⁵ WA Government (2024) *Diversify WA: Future State: Targeted diversification opportunities*, <https://www.wa.gov.au/government/publications/diversify-wa-future-state>

⁷⁶ WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 1*, p.193 and p.129

⁷⁷ WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 1*, p.127

⁷⁸ WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 1*, p.205

⁷⁹ WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 1*, p.194

⁸⁰ Pilbara Development Commission (2024) *Pilbara Hydrogen Hub*, <https://www.pdc.wa.gov.au/our-focus/projects/pilbara-hydrogen-hub.aspx>; 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>

⁸¹ WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 1*, p.205

PORT AUTHORITIES

Fossil fuel assistance provided by WA Government Business Enterprises is for the most part delivered by several port authorities supporting the further development of primarily LNG exporting seaports. In 2024–25 the WA port authorities are expected to provide \$149 million.

This type of assistance is classed as partly assisting fossil fuel industries since the aims of the identified projects is often to expand port facilities to support a range of industries. However, these facilities are often situated in major LNG ports. For example, the Pilbara Ports Authority's is providing \$99 million to the Dampier Bulk Handling Facility,⁸² a new facility that will be used by several industries, including "vessels supporting the offshore oil and gas industry."⁸³

SYNERGY

There is also significant support for fossil fuels from the government-owned electricity producer, Synergy. In 2024–25, it is expected that \$63.8 million will be spent supporting fossil fuels, both coal and gas, via various upgrades and maintenance projects to electricity generating assets. The only WA government assistance that supports coal is Synergy's expenditure on the remaining coal-fired generators at the Muja and Collie power stations.

The largest subsidy of \$25.1 million is for the Pinjar gas fired power station for turbine rotor replacements and general plant maintenance.⁸⁴

⁸² WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 2*, p.656

⁸³ Pilbara Ports (n.d.) *Dampier Cargo Wharf Projects*, <https://www.pilbaraports.com.au/current-projects/dampier-cargo-wharf-projects>

⁸⁴ WA Government (2024) *Western Australia State Budget 2024-25, Budget Paper 2, Vol 2*, p.781

Northern Territory

In late April 2024, the NT Government announced that it had agreed to purchase gas from a controversial gas project located in the Beetaloo Basin.⁸⁵ This announcement brought into focus the wide range of subsidies that NT Governments have lavished for decades upon the gas industry—from multi-billion dollar purchase commitments, through the millions spent on investment promotion, to the under-charging of administrative fees and unrecovered costs.

Little gets done by Territory governments without Commonwealth assistance, and the NT’s subsidies for the gas industry are no exception. The Beetaloo announcement would probably have been impossible without the hundreds of millions of dollars spent on road construction focused on the gas industry—all funded by the Commonwealth. The Commonwealth has also put \$1.9 billion into assisting petrochemical industries with infrastructure at Middle Arm, despite the development being opposed by many civil society organisations in the NT and beyond.

Table 9 below shows that the NT Government will provide \$202 million in assistance to the oil and gas industry in the 2023–24 budget year, with \$3.6 billion budgeted over the longer term.

Table 9: NT government 2024–25 fossil fuel subsidies

	2024–25 expenditure (\$)	Capital values/forward estimates (\$)
Wholly	67,573,000	3,355,435,000
Primarily	-	-
Partly	134,277,000	293,908,000
Total	201,850,000	3,649,343,000
Coal	-	-
Gas	201,850,000	3,649,343,000
Various	-	-
Total	201,850,000	3,649,343,000

Sources: NT Government Budget Papers, Power & Water Corp corporate documents



POWER AND WATER CORPORATION

The Northern Territory Government’s Power and Water Corporation (PWC) manages utilities across the NT. Unlike traditional public utilities, it is also a significant trader of gas. In

⁸⁵ 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>

the words of one PWC executive, the corporation's gas division is a "multi-billion dollar gas and asset portfolio" that has "successfully entered into the Australian east coast gas market".⁸⁶

The "success" of PWC's gas division is debatable. The corporation's notional main supplier is the Blacktip project off the coast of Wadeye, operated by Italian company Eni. PWC has a long-term commitment to buying large amounts of gas from Blacktip—far more, in fact, than the NT can use. As a result, the corporation has made agreements to sell some of this supply on to the east coast market.

Unfortunately for PWC, Blacktip has failed to deliver the gas that it has committed to buy. This has forced PWC to buy gas from the LNG exporters in Darwin Harbour.⁸⁷ Worse still, PWC has gas transport commitments worth \$622 million,⁸⁸ much of which is contracted to the owners of the Northern Gas Pipeline that connects the NT to the east coast market via Mt Isa. PWC likely has to pay for this pipeline agreement if it does not have gas to sell.⁸⁹

In 2023-24, while most gas companies were making immense windfall profits, PWC's gas division lost \$21 million.⁹⁰

As detailed in earlier versions of this report, the debacle of Blacktip is not simply bad luck. This project was not necessary and was subsidised into existence by the NT Government and PWC's multi-billion gas purchase agreements. This was clear to PWC and NT government decision-makers at the time the agreements were 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.⁹¹

In order to sell the gas it knew it did not need, the NT Government later commissioned the Northern Gas Pipeline, which "successfully" linked the NT to the eastern market upon its completion in 2019. This pipeline was designed only to transport gas from the NT to

⁸⁶ Murphy (n.d.) *LinkedIn profile*, <https://www.linkedin.com/in/antoni-murphy-4757376a/details/experience/>

⁸⁷ Hislop (2025) *NT's 2030 renewable energy target in doubt as gas-fired power plant gets life extension*, <https://www.abc.net.au/news/2025-03-03/nt-channel-island-gas-renewable-energy-target-solar-farms/104983372>

⁸⁸ PWC (2024) *Statement of corporate intent 2024-25*, <https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports>

⁸⁹ Fitzgerald (2024) *Northern Gas Pipeline stops flowing from NT to east coast*, <https://www.abc.net.au/news/rural/2024-03-20/northern-gas-pipeline-ceases-delivery-after-gas-shortfall/103602054>

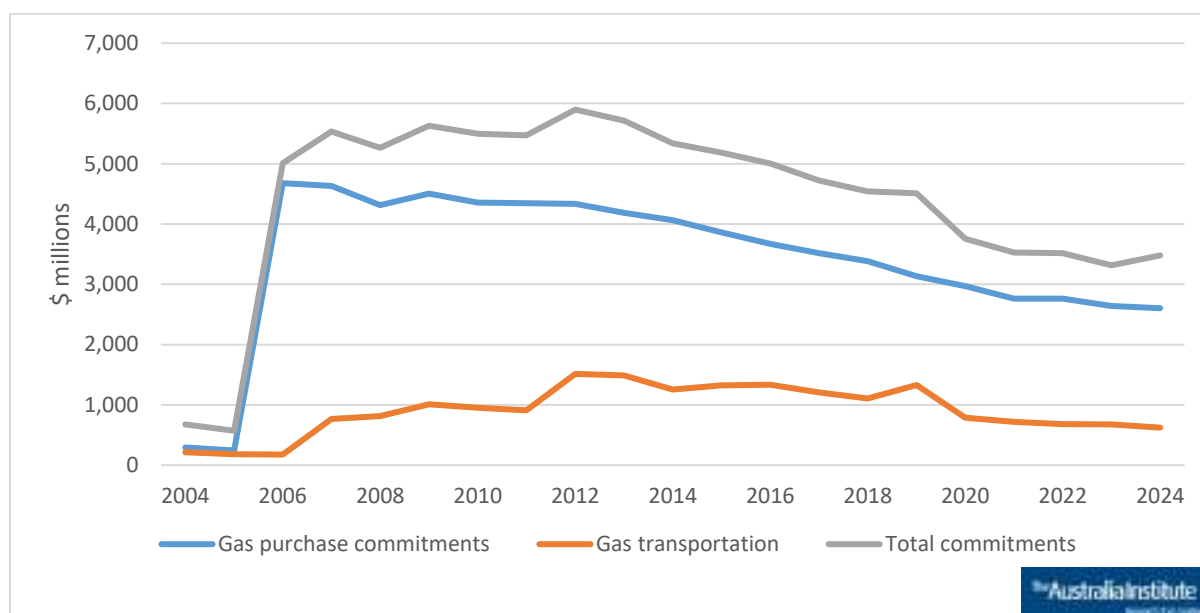
⁹⁰ Gas sales revenue was \$240.1 million while gas sales costs were \$261.2 according to PWC (2024) *Statement of corporate intent*.

⁹¹ 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

Queensland; the latest PWC annual report includes expenditure of \$18.9 million in 2023–24 to enable the pipeline to flow in reverse, presumably to allow PWC to buy gas back from the east coast market to cover future shortfalls from Blacktip.

The subsidies that facilitated Blacktip and the Northern Gas Pipeline are still large items in PWC's financial statements. As shown in Figure 7 below, these commitments are declining as time progresses, but still total over \$3.2 billion in 2023-24.

Figure 7: Power and Water Corporation gas commitments



Source: PWC annual reports

The data in Figure 7 does not include the new agreement announced in April 2024. This agreement was made between the NT Government and controversial fracking company Tamboran, is estimated to be worth around \$1 billion, and commits the NT to purchasing gas from the Beetaloo Basin.⁹² The arrangement would follow the same path as Blacktip: a PWC purchase commitment will be used to subsidise a new fossil gas project owned by a multinational corporation, with little assessment or explanation of the public interest case for the project.

The PWC's gas business does not only represent a cost to the NT taxpayer and a subsidy to multinational fossil fuel companies; it also presents the NT government with a major conflict of interest. The NT government cannot make impartial assessments of controversial gas projects when it owns a gas supplier of this size, especially if that supplier is committed to buying gas from those very projects.

⁹² Morgan (2024) *Tamboran and NT government's secretive Beetaloo Basin gas deal criticised by industry, experts*, <https://www.abc.net.au/news/2024-04-26/concerns-over-nt-government-and-tamboran-beetaloo-gas-deal/103769966>

In addition, renewable energy projects now present a “risk” to NT government revenue, as is clear in PWC reports:

We have in place long term contracts to procure gas and associated transport arrangements. 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, 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.

...

The sources of estimation uncertainty in the [gas] contracts have a significant risk of resulting in a material adjustment to the value of this asset and include the underlying assumption that all gas purchased is on sold; the outcome of current contract negotiations with customers; renewables penetration;...⁹³

Given the position of PWC and its perception of renewable energy as a risk to the value of its multi-billion dollar gas assets, it is perhaps not surprising that the NT Government is now looking to extend the life of the Territory’s gas-fired power generators.⁹⁴

The loss by the PWC’s gas sales division of \$21.1 million has been included in Table 9 as a cost in this budget year, as has its expenditure on the Northern Gas Pipeline Reversal Project. The total outstanding gas purchase and gas transport commitments—over \$3.2 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, and is 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.”⁹⁵ Of Investment Territory’s \$22.4 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.

⁹³ PWC (2024) *Annual report*, p54, <https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports>

⁹⁴ Hislop (2025) *NT’s 2030 renewable energy target in doubt as gas-fired power plant gets life extension*

⁹⁵ NT Government (2023) *Budget Paper 3*, p16

COMMONWEALTH COLLABORATION

The Commonwealth subsidises the NT's gas industry infrastructure, including an export precinct and other shipping facilities that benefit the offshore gas industry.

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 intended to "turbocharge" the economies of regional hubs—including an NT industrial hub.⁹⁶ The Albanese government's October 2022 federal budget included \$1.9 billion for the development of the Middle Arm "Sustainable Development Precinct". The Precinct was originally described as a "new gas demand centre",⁹⁷ but the NT government insists that it is "not a petrochemical plant".⁹⁸ This is 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.⁹⁹

The NT Government budgeted to spend \$13 million on business case development and preliminary works in total, with \$10 million in 2024–25. This money also includes work on the Tennant Creek to Darwin infrastructure corridor. "The Tennant Creek to Darwin Infrastructure Corridor project aims to enable development of the natural gas industry in the Territory along with capability and capacity to support future emerging projects."¹⁰⁰ This has been categorised as primarily a subsidy to the gas industry.

Darwin ship lift

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

⁹⁶ Federal Government (2022) *March Budget Paper 2*, p133

⁹⁷ 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>

⁹⁸ 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/>

⁹⁹ 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>

¹⁰⁰ NT Government (2024) *Budget Paper 3*, p77

Budget papers state that the project has a total capital value of \$515 million, with \$107.8 million to be spent in the 2024–25 budget year. This has been included in Table 9 above in 2024–25 as 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. Last year’s budget included \$214.8 million to “upgrade and or seal gas industry roads to support economic development”, split between the Commonwealth and NT Governments. No “gas industry roads” or similar were found in the 2024-25 budget papers, suggesting these projects have been completed.

However, there remains significant spending on “industry roads”. It is unclear whether these roads are directed at the onshore gas industry, and they have therefore not been included in this report’s calculations.

The reduction in spending on gas roads is the main reason for the lower overall level of estimated NT fossil fuel assistance in 2024–25 than in 2023–24.

PORT AND INDUSTRIAL PRECINCT DEVELOPMENTS

The construction of the Darwin ship lift is accompanied by the development of a wider “Marine Industry Park”, partly because Darwin is “adjacent to major onshore gas developments and offshore supply bases”. The Park is described by the Territory government’s Land Development Corporation as “provid[ing] a unique opportunity to capitalise on Darwin’s expanding gas, marine services and Defence industries.”¹⁰¹ The Park is budgeted to receive \$15.5 million in this budget, largely via the Land Development Corporation. The Middle Arm Sustainable Development Precinct will also receive \$1 million from the Land Development Corporation and this has been classified as partly dedicated to fossil fuels.

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 \$16.5 million in 2024-25 to:

¹⁰¹ Land Development Corporation (2023) *Marine Industry Park*, <https://landdevcorp.com.au/project/marine-industry-park/>

...support resource exploration through the acquisition, management, delivery and promotion of geoscience information and data. Manage statutory reporting of exploration and production, and provide access to industry reports, data and drill core. Advance recommendations made by the Mineral Development Taskforce to increase the Territory's competitiveness as a mining project investment destination.¹⁰²

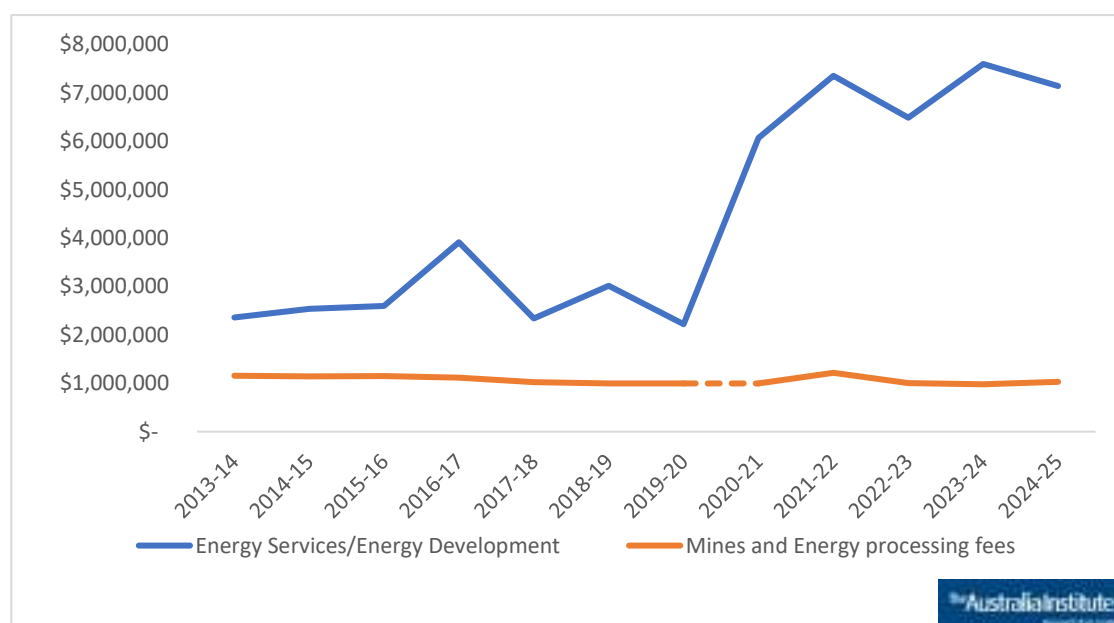
The Energy Development program, meanwhile, works to:

...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 1981.¹⁰³

A recommendation of the 2018 Fracking Inquiry commissioned by the NT government was that the expense of the Energy Development program should be recovered from gas companies. The government committed to implement all the Inquiry's recommendations, but five years later, under-recovery of the Energy Development program's costs continues. Table 9 includes this estimated \$6.1 million gap in cost recovery as an annual, wholly dedicated 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 8 below:

Figure 8: Energy Services/Energy Development budget



¹⁰² NT Government (2024) *Budget Paper 3*, p90

¹⁰³ NT Government (2024) *Budget Paper 3*, p90

Source: NT Budget papers, various years

The budget for Energy Development has tripled in recent years—with no justification given. Revenue from mines and energy processing fees (licences/titles), appears to have maintained at broadly similar levels, with just over \$1 million budgeted in 2024–25. Only a fraction of this revenue is likely to come from the gas industry; the majority is likely to come from the mining industry.

A separate item in the Department of Environment, Parks and Water Security budget is also titled “Hydraulic fracturing – regulation and assessment”. The \$1 million budget of this item has not been included in our analysis as it relates to industry regulation. It does, however, underscore the Fracking Inquiry’s finding that the administrative and regulatory costs of unconventional gas extraction in the NT are not being recovered from industry via fees and charges.

Victoria

Victoria's fossil fuel industry comprises predominantly brown coal mines and power stations in the Gippsland region, as well as offshore oil and gas production and exploration.

Victoria's fossil fuel subsidies have been focussed on controversial plans to convert brown coal into hydrogen for export to Japan, a process that would potentially involve carbon capture and storage. As of late 2024, these plans appeared to have stalled.

A summary of Victoria's fossil fuel subsidies can be found in Table 10.

Table 10: Victorian government 2024–25 fossil fuel subsidies

	2024–25 expenditure (\$)	Capital values/forward estimates (\$)
Wholly	17,750,000	28,500,000
Primarily	1,000,000	4,000,000
Partly	45,900,000	183,600,000
Total	64,650,000	216,100,000
Coal	17,750,000	28,500,000
Gas	-	-
Various	46,900,000	187,600,000
Total	64,650,000	216,100,000

Source: Victoria State Government (2025) Budget Papers 2024-25, Federal Financial Relations (2024)

Hydrogen Energy Supply Chain Preliminary Investment Plan, Federal Financial Relations (2023)

CarbonNet Stage 3

HYDROGEN ENERGY SUPPLY CHAIN

The Hydrogen Energy Supply Chain (HESC) Project aims to extract hydrogen from brown coal in the Latrobe Valley for export to Japan. The long-running pilot phase of the project was completed in early 2022 with the export by ship of a small quantity of hydrogen to Japan.¹⁰⁴ However, at the end of 2024, a major project participant, Kawasaki Heavy Industries,

¹⁰⁴ Australian Transport Safety Bureau (2023) *Electrical component failure leads to brief flame discharge from liquid hydrogen carrier's gas combustion unit vent stack*, <https://www.atsb.gov.au/media/news-items/2024/electrical-component-failure-leads-brief-flame-discharge-liquid-hydrogen-carriers-gas-combustion-unit-vent-stack>

announced that the next phase of the project would be conducted in Japan. This potentially represents an end to the project's existence in Victoria.¹⁰⁵

The project initially received an estimated total of \$496 million in funding from state, federal, and foreign sources. After the completion of the pilot phase, another Japanese project partner, Susio Energy, announced it was going to move to the “commercial demonstration” phase of the project.^{106,107} This would include a \$2.1 billion funding boost from the Japanese Government to support the project's continuation.

The HESC project has attracted \$15 million of federal and state funding spread out over 2023–24 and 2024–25.¹⁰⁸ The Victorian State Government contribution was \$7.5 million, with \$3.75 million in 2024–25.

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.¹⁰⁹ CarbonNet is independent from the Hydrogen Energy Supply Chain Project, but the two are often conflated. The HESC website mentions CarbonNet as a “supporting organisation” and the state-federal funding agreement for CarbonNet states that it “aims to integrate multiple carbon dioxide (CO₂) capture projects in the Latrobe Valley, such as [the] Hydrogen Energy Supply (HESC) project”.^{110,111}

CarbonNet 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. This decision was based on several technical factors, including the region's 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

¹⁰⁵ Pope (2024) *Plan to turn Latrobe Valley's coal into hydrogen hits major roadblock*, ABC News, <https://www.abc.net.au/news/2024-12-10/coal-hydrogen-hesc-latrobe-valley-japan-kawasaki/104375024>

¹⁰⁶ CSIRO (2024) *Liquefied Hydrogen Supply Chain Commercial Demonstration Project*, <https://research.csiro.au/hyresource/liquefied-hydrogen-supply-chain-commercial-demonstration-project/>

¹⁰⁷ Hydrogen Energy Supply Chain Project (2024) *The world-first Hydrogen Energy Supply Chain (HESC) Project*, <https://www.hydrogenenergysupplychain.com/>

¹⁰⁸ Federal Financial Relations (2024) *Hydrogen Energy Supply Chain Preliminary Investment Plan*, <https://federalfinancialrelations.gov.au/agreements/hydrogen-energy-supply-chain-preliminary-investment-plan>

¹⁰⁹ Victoria State Government: Department of Jobs, Skills, Industry and Regions (DJSIR) (2023) *CarbonNet Project*, <https://djsir.vic.gov.au/carbonnet>

¹¹⁰ HESC (2024) *About the pilot*, <https://www.hydrogenenergysupplychain.com/about-the-pilot/>

¹¹¹ Federal Financial Relations (2023) *CarbonNet Stage 3*, <https://federalfinancialrelations.gov.au/agreements/carbonnet-stage-3>

located within a 15 km radius ... [the site] offers an opportunity for shared infrastructure and a multi-user CCS network”.¹¹²

CarbonNet claims that it will have the capacity to store six million tonnes (Mt) of CO₂ each year for 30 years.¹¹³ 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.¹¹⁴

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. Stage Three is the Project Development and Commercial Establishment, and will end when a determination is made on its “Final Investment Decision”. No such decision appears imminent, given that a recent Federal Funding Agreement between the Victorian and Federal governments show that that Federal and State funding will continue to flow until 2025–26.¹¹⁵

This agreement shows \$47.1 million in Federal and State funding from 2022–23 to 2025–26. The Victorian State government contribution is \$27.1 million, with \$14 million in 2024–25.

LAND TAX EXEMPTION FOR MINING

In Victoria, owners of land used exclusively as a mine receive a tax exemption. The exemption covers all mining licences and any land in the Latrobe Valley covered by the *Electricity Industry (Residual Provisions) Act 1993*,¹¹⁶ which includes the state’s brown coal mines and power stations. This reduces government revenue and disincentivises the transition away from fossil fuel production. 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.

¹¹² 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>

¹¹³ DJSIR (2024) *About the CarbonNet Project*

¹¹⁴ Victoria State Government: Energy, Environment and Climate Action (2021) *Victorian Greenhouse Gas Emissions Report*, p. 19, https://www.climatechange.vic.gov.au/__data/assets/pdf_file/0036/687825/Victorian-Greenhouse-Gas-Emissions-Report-2021.pdf

¹¹⁵ Federal Financial Relations (2023) *CarbonNet Stage 3*, <https://federalfinancialrelations.gov.au/agreements/carbonnet-stage-3>

¹¹⁶ State Revenue Office (2023) *Land tax exemptions*, <https://www.sro.vic.gov.au/land-tax/land-tax-exemptions#mines>

RESOURCES OUTPUTS

“Resources Outputs” is part of the Victorian government’s Department of Jobs, Precincts and Regions. Resources Output is an ongoing program with \$45.9 million budgeted in 2024–25, a figure considered as being dedicated partly to fossil fuels.¹¹⁷

Most of the program’s funding (\$44.8 million of \$45.9 million) goes to two programs: the “Reform to Perform” initiative, which aims to support the resources sector in achieving net zero emissions, and the Big Build infrastructure program.¹¹⁸

Resources Outputs is likely to provide a small benefit to Victoria’s petroleum exploration activities. On issue are 11 onshore production licenses and nine exploration permits.¹¹⁹ Exploration activities continue in the offshore state waters of the Otway Basin¹²⁰ and the offshore federal waters of the Otway and Gippsland Basins.¹²¹

The program is also likely to provide considerable funding to non-fossil fuel areas. On balance, they have been excluded from the Victorian fossil fuel subsidies because the part going to fossil fuels was considered too small to justify their inclusion.

¹¹⁷ Victoria State Government (2024) *Budget Papers: Department Performance Statement*, p 33, <https://s3.ap-southeast-2.amazonaws.com/budgetfiles202425.budget.vic.gov.au/2024-25+Department+Performance+Statement.pdf>

¹¹⁸ D’Ambrosio (2024) *Public Accounts and Estimates Committee 2024-25 Budget Estimates Hearing 23 May 2024*, <https://www.parliament.vic.gov.au/49dfd6/contentassets/b687e013915e48e2b4fc89d8c0d13706/energy-and-resources.pdf>

¹¹⁹ Resources Victoria (2023) *Earth Resources Regulation 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

¹²⁰ Resources Victoria (2020) *Oil and gas acreage releases*, <https://resources.vic.gov.au/geology-exploration/oil-gas/oil-and-gas-acreage-releases>

¹²¹ Department of Industry (2022) *2022 offshore petroleum exploration acreage release | Department of Industry, Science and Resources*, <https://www.industry.gov.au/publications/2022-offshore-petroleum-exploration-acreage-release>

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 2023, South Australia's share of renewable energy for electricity generation was 74%.¹²²

Despite the state's achievements with renewable energy, the oil and gas industry—and particularly Santos, the largest oil and gas company operating in SA—remains powerful. In 2023, Santos CEO Kevin Gallagher was named in The Adelaide Advertiser's annual Power Rankings feature as the most powerful person in South Australia.¹²³ (The Premier, Peter Malinauskas, came in third.) That year, SA hosted the national industry lobby group conference, at which Tom Koutsantonis, the state's Minister for Energy and Mining, told attendees that the "South Australian Government is at your disposal ... we are here to help, and we are here to offer you a pathway to the future."¹²⁴

Table 11: Government of South Australia 2024–25 fossil fuel subsidies

SA budget fossil fuel assistance	2024–25 expenditure (\$)	Capital values/forward estimates (\$)
Wholly	16,000,000	77,176,000
Primarily	-	-
Partly	20,760,000	20,780,000
Total	36,760,000	97,956,000
Coal	-	-
Gas/oil	36,760,000	97,956,000
Various	-	-
Total	36,760,000	97,956,000

Source: Government of South Australia (2024) *Budget Papers 2024–25*



¹²² Australian Government (2024) *Australian Energy Update 2024*, p37

<https://www.energy.gov.au/publications/australian-energy-update-2024>

¹²³ England, McGuire & Starick (2023) 'Power 50: South Australia's most influential people of 2023 ranked' *The Advertiser*, <https://www.adelaidenow.com.au/news/south-australia/power-50-adelaides-most-influential-people-of-2023-ranked/news-story/940b6525dc4695f3027d713e46d83d04#:~:text=The%20prospect%20of%20profound%20economic,Me ad%20into%20the%20top%2010>

¹²⁴ Kurlmelovs (2023) *South Australia tells gas industry the state is 'at your disposal'*, The Guardian, https://www.theguardian.com/environment/2023/may/16/south-australia-gas-industry-appea-national-conference-2023?trk=public_post_comment-text

PORT BONYTHON

Jetty Refurbishment

Port Bonython is the site of a gas and diesel import and distribution hub. Its jetty is leased by the state to Santos, which uses it to export LPG, crude oil and naphtha. A refurbishment of this jetty refurbishment is expected to be completed in June 2026; government expenditure on the project in 2024–25 was \$16 million.¹²⁵

This project has suffered from delays and cost overruns. The original estimate of the project's cost was \$33 million, with completion scheduled for 2024.¹²⁶ Last year, with the project still incomplete, the estimated cost had risen to \$64 million, and the most recent estimate is \$77 million.

Hydrogen Hub

Port Bonython also features in South Australia's hydrogen export plans as part of the Clean Hydrogen Industrial Hub at Port Bonython.¹²⁷ This Hub falls under the jurisdiction of the Department of Energy and Mining's Office of Hydrogen Power South Australia. While the project is largely focused on renewable energy, fossil fuel-based hydrogen appears to be included, with the Department of Energy and Mining describing the Hub as "South Australia's first large-scale export terminal for green and blue hydrogen."¹²⁸

Development agreements have been negotiated with fossil gas companies Santos and Origin Energy, as well as green hydrogen-focussed companies.¹²⁹ The 2024–25 budget allocated \$20.76 million for the project, with the expected completion date of June 2026.¹³⁰

¹²⁵ Government of South Australia (2024) *Budget Statement: Budget Paper no. 3*, p 108

https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0003/1014375/2024-25-Budget-Statement.pdf

¹²⁶ Government of South Australia (2022) *Works commence to secure long-term future of Port Bonython Jetty*, <https://dit.sa.gov.au/news?a=1111974>

¹²⁷ Government of South Australia (2024) *Budget Statement: Budget Paper no. 4.2*, p 117

https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0017/1014371/2024-25-Agency-Statements-Volume-2.pdf

¹²⁸ Department of Energy and Mining (n.d.) Port Bonython export hub,

<https://www.energymining.sa.gov.au/industry/hydrogen-and-renewable-energy/hydrogen-in-south-australia/port-bonython-export-hub>

¹²⁹ Government of South Australia (n.d.) *Project partners*, <https://www.hydrogen.sa.gov.au/projects/port-bonython-hydrogen-hub/project-partners>

¹³⁰ Government of South Australia (2024) *Budget Statement: Budget Paper no. 4.2*, p 107

https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0017/1014371/2024-25-Agency-Statements-Volume-2.pdf

It is still unclear the extent to which these initiatives will cross over with the South Australian Hydrogen Power Plant being built near Whyalla, which is being managed by the Office of Hydrogen Power South Australia.¹³¹ Also known as the Hydrogen Jobs Plan, this project has a budget of \$593 million, with \$389 million allocated for 2024–25.¹³² 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. To be clear, this power plant could just as easily be run on hydrogen produced using fossil fuels or even on a blend of hydrogen and natural gas.

The 2024–25 budget also allocated \$5.8 million over two years and \$3.9 million in 2024–25 to deliver accommodation to the construction workforce used in the Hydrogen Jobs Plan.¹³³ This has not been included in our analysis for the same reasons as the Hydrogen Power Plant.

The Whyalla steelworks has recently gone into administration and the federal and state government have announced a \$2.4 billion support package. Before this the previous owner of the Whyalla steelworks, GFG Alliance, announced the purchase of an electric arc furnace, as part of a planned phasing out of coal-based steel making processes. The company also proposes to develop a direct reduction iron plant to process magnetite ore into low-carbon iron feed for the arc furnace. The South Australian Government had also signed an agreement with GFG Alliance to explore opportunities for renewable hydrogen offtake from the hydrogen facility.¹³⁴ The joint federal state support package is an excellent opportunity to implement a program for the production of green steel.

IMPLEMENTATION OF HYDROGEN AND RENEWABLE ENERGY ACT, 2023

The Department of Energy and Mining will implement the new Hydrogen and Renewable Energy Act 2023. The 2024–25 budget allocated \$4.1 million over four years for the implementation of the Act and development of associated regulations.¹³⁵ This is not

¹³¹ Government of South Australia (2023) *Hydrogen Jobs Plan*, <https://www.ohpsa.sa.gov.au/projects/hydrogen-jobs-plan>

¹³² Government of South Australia (2024) *Budget Statement: Budget Paper no. 3*, p 107 https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0003/1014375/2024-25-Budget-Statement.pdf

¹³³ Government of South Australia (2024) *Budget Statement: Budget Paper no. 5* p29 https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0020/1014374/2024-25-Budget-Measurement-Statement.pdf

¹³⁴ Government of South Australia (2024) *Budget Statement: Budget Paper no. 3*, p 101 https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0003/1014375/2024-25-Budget-Statement.pdf

¹³⁵ Government of South Australia (2024) *Budget Statement: Budget Paper no. 5* p28 https://www.statebudget.sa.gov.au/__data/assets/pdf_file/0020/1014374/2024-25-Budget-Measurement-Statement.pdf

included in our analysis as appears that it is only going to support green hydrogen. 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'.¹³⁶ This means the Act is applicable to all forms of hydrogen, including those associated with fossil fuels.

¹³⁶ *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

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.¹³⁷ The state is not currently a significant gas producer, but the controversial Narrabri Gas Project could significantly increase production.

In 2024–25, the NSW government spent approximately \$10.3 million on fossil fuel subsidies, with total forward budgeted assistance estimated at \$492.4 million, as showed in Table 12 below.

Table 12: NSW government 2024–25 fossil fuel subsidies

NSW budget fossil fuel assistance	2024–25 Expenditure (\$)	Capital value/forward estimates (\$)
Coal	3,419,000	479,116,000
Gas	1,569,000	1,569,000
Various	5,309,000	11,700,000
Total	10,297,000	492,385,000
Wholly	3,971,000	476,385,000
Primarily	-	-
Partly	6,326,000	15,768,000
Total	10,297,000	492,385,000

Source: NSW Government (2024) *Budget Papers*



The estimate of fossil fuel subsidies for 2024–25 in Table 12 is a decrease from \$60 million budgeted in 2023–24. The biggest contribution to this drop was spending from the Coal Innovation Fund and the Minerals and petroleum Investment Fund. The total value of projects and forward estimates has increased from \$103 million in 2023–24 to \$492 million in 2024–25. This was primarily driven by the NSW Government’s agreement with Origin Energy to keep the Eraring Power Station open for another two years.

ERARING POWER STATION

The Eraring Power Station, owned by Origin Energy, is the largest coal fired power station in the country. It was originally set to close in 2025 but will now close in August 2027 because

¹³⁷ Coal Services (2024) *Statistics*, <https://www.coalservices.com.au/>

of a new agreement with the NSW Government.¹³⁸ While the NSW Government claims that the agreement is necessary for energy security, it has been widely seen as unnecessary and a delay of energy transition.

In order to ensure the continued operation of the Eraring power station, the NSW Government has agreed to underwrite operating losses up to a value of \$450 million over the period 2025-26 and 2026-27. Up to 80% of any operating losses—capped at \$225 million each year— would be covered by the public. Conversely, if the power station operates profitably in either year and Origin has agreed to be covered by the agreement, the Government gets a share of profits, capped at \$40 million.

Origin decides by March 31 each year whether to be covered by this agreement.

No value has been included for this subsidy in the 2024–25 year. Over the longer term, the maximum liability of \$450 million has been allocated to Capital value/forward estimates, categorised as wholly dedicated to the coal industry. The maximum value has been used here to reflect the degree to which the NSW Government is prepared to subsidise fossil fuel use in the future, even though the final value is uncertain. This will be revised in future editions of this report.

DEPARTMENT OF REGIONAL NSW

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

- DRNSW’s Mining, Exploration and Geoscience (MEG) program aims to “support and grow safe and sustainable exploration and mining in NSW” and “support the responsible development of mineral and petroleum resources”.¹³⁹ The MEG program is also responsible for the Minerals and Petroleum Investment Fund, which can fund “any authorised investment program” in order to “promote investment in State minerals or petroleum (or both)”.¹⁴⁰ In 2024, this fund spent a total \$5.309 million

¹³⁸ NSW Government (2024) *NSW Government secures 2-year extension to Eraring Power Station to manage reliability and price risks*, <https://www2.environment.nsw.gov.au/news/nsw-government-secures-2-year-extension-to-eraring-power-station>

¹³⁹ The NSW Government (2024) *Department of Regional NSW Annual Report 2023-2024*, p 19, <https://www.nsw.gov.au/sites/default/files/noindex/2024-11/Department-of-Regional-NSW-Annual-Report-2023-2024.pdf>

¹⁴⁰ The NSW Government (2024) *Department of Regional NSW Annual Report 2023-2024*, Appendix 1 p 19, <https://www.nsw.gov.au/sites/default/files/noindex/2024-11/Department-of-Regional-NSW-Annual-Report-2023-2024.pdf>

with a closing balance of \$11.7 million.¹⁴¹ This is categorised as partly assisting the fossil fuel industry.

- MEG is also responsible for the Minerals and Petroleum Administration Fund that spent \$1 million on the rehabilitation of legacy mines. This includes coal mines and has been classified as partly assisting the coal 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 commercialisation of low emissions coal technologies".¹⁴² This fund spent \$2.4 million in 2023–24 (the most recent data available) and had a closing balance of \$25.1 million.¹⁴³ This 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 2024–25 is \$1.569 million.¹⁴⁴ Although the contamination of this site by the coal gasification industry occurred between 1889 and 1926,¹⁴⁵ 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.

¹⁴¹ The NSW Government (2024) *Department of Regional NSW Annual Report 2023-2024*, p 42, <https://www.nsw.gov.au/sites/default/files/noindex/2024-11/Department-of-Regional-NSW-Annual-Report-2023-2024.pdf>

¹⁴² The NSW Government (2024) *Coal Innovation Fund annual report 2023-24*, p 9, <https://www.parliament.nsw.gov.au/tp/files/190149/Attachment%20A%20-%20Coal%20Innovation%20NSW%20Annual%20Report%20FY2023-24.PDF>

¹⁴³ The NSW Government (2024) *Coal Innovation Fund annual report 2023-24*, p 16, <https://www.parliament.nsw.gov.au/tp/files/190149/Attachment%20A%20-%20Coal%20Innovation%20NSW%20Annual%20Report%20FY2023-24.PDF>. There is a \$17 million transfer to the NSW government which is described (on p 20) as "Return of ConFund per Treasury and Revenue Legislation Amendment Act 2023". This has been excluded.

¹⁴⁴ The NSW Government (2024) *NSW Budget 2024-25 Budget Paper No.03 Infrastructure Statement*, p 4-46, <https://www.budget.nsw.gov.au/sites/default/files/2024-06/Budget-Paper-No-3-Infrastructure-Statement-2024-25.pdf>

¹⁴⁵ 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 2020,¹⁴⁶ and has a legislated target to generate 200% of 2022 electricity consumption by 2040.¹⁴⁷ 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.¹⁴⁸ The gas-fired Tamar Valley Power Station contributed 4.8% of Tasmanian power generated in 2023–24, up from 0.6% in 2022–23.¹⁴⁹ The significant increase was due to low inflows to Hydro Tasmania catchments. 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 mining sectors in Tasmania.¹⁵⁰

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”.¹⁵¹ Mineral Resources was allocated \$11.3 million in 2024–25, and \$40 million over 4 years.¹⁵² Ores and 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.

¹⁴⁶ Renewables, Climate and Future Industries (n.d.) *100% target achievement*, https://recfit.tas.gov.au/renewables/100_target_achievement

¹⁴⁷ *Energy Co-ordination and Planning Act 1995*, Part 1A, s 3C, 2 (b).

¹⁴⁸ Department of Climate Change, Energy, the Environment and Water (2024) *Australian Energy Update 2024*, <https://www.energy.gov.au/publications/australian-energy-update-2024>, p 24.

¹⁴⁹ Tasmanian Economic Regulator (2024) *Energy in Tasmania: Annual Security Review 2023-24 Water Year*, p10, <https://www.economicregulator.tas.gov.au/about-us/energy-security-monitor-and-assessor/annual-energy-security-review>.

¹⁵⁰ Department of Climate Change, Energy, the Environment and Water (2024) *Australian Energy Update 2024: Table F: Australian energy consumption, by state and territory, by industry and by fuel, energy units*, <https://www.energy.gov.au/publications/australian-energy-update-2024>

¹⁵¹ Tasmanian Government (2024) *Budget Paper 2, Volume 1*, <https://www.treasury.tas.gov.au/Documents/2024-25-Budget-Paper-No-2-Volume-1.pdf>, p 342.

¹⁵² *Ibid*, p 334.

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.¹⁵³ 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.¹⁵⁴ The proposed project was referred for EPBC Act approval in November 2022, but has not progressed beyond the referral decision stage at present.¹⁵⁵

¹⁵³ 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%20%20Redevelopment%2c%20Blackwood%20Colliery%2c%20Cornwall%20-%20Project%20Description.pdf>

¹⁵⁴ Ibid, p 2.

¹⁵⁵ EPBC Act Public Portal (2023) *Cullenswood Mine development of open cut coal pit No.6*, https://epbcpportal.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 2024–25 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 2045.¹⁵⁶

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 2019.¹⁵⁷ The government further aims to phase out gas in favour of electrification by 2045 at the latest.¹⁵⁸

The 2024–25 ACT budget will spend \$190 million on a range of new measures that aim to further reduce emissions with a focus on reducing gas consumption.¹⁵⁹ These include:

- Continuing the Sustainable Household Scheme helping ACT residents to electrify their homes;
- Continuing the Vulnerable Household Energy Support Scheme providing ceiling insulation and electrification to public housing and vulnerable households;
- Increasing subsidies for the development of skills to support the ACT's energy transition;
- A new pilot Community Partnership Electrification Program which provides grant payments for electrification upgrades to up to 350 eligible households and;
- Further projects to replace gas assets with electric technology in Government-owned buildings.

¹⁵⁶ ACT Government (2024) *Budget Outlook*, p 72,

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

¹⁵⁷ 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>

¹⁵⁸ ACT Government (2023) *Canberra's plan to transition*, <https://energy.act.gov.au/>

¹⁵⁹ ACT Government (2024) *Budget Outlook*, p 72

Conclusion

The 2020s have often been described as a critical decade for phasing out fossil fuels, yet Australia continues to subsidise them, imposing costs not only on the budget but on the climate.

This report was finalised as Cyclone Alfred was receding and the clean-up beginning in Brisbane and other affected areas. The cost of the damage incurred is still unknown, to the extent that dollar figures can be estimated.

Such costs are almost certain to increase in the future as fossil fuel-driven climate change exacerbates the impacts of natural disasters. The redirection of harmful fossil fuel subsidies to assist with preparing for and recovering from such disasters seems obvious to everyone except Australian governments. The imminent Australian federal election and subsequent state elections represent chances to change this.