

[Pullout quotes:

1. "Government spending on mining related infrastructure means less infrastructure spending in other areas, including ... hospitals and schools."
2. "Every coal basin in Australia has been opened up through federal and state government investment."
3. "Subsidising fossil fuel development is the openly stated policy of the government."]

Still A Burning Question Fossil Fuel Subsidies in Australia

After a long campaign of denial Australia's fossil fuel lobby and its allies in the state have dropped the pretence. Of course the sector benefits from multi-billion dollar subsidies and always has. Today public money still pours in, even as bushfires burn with unprecedented ferocity.

feature by Rod Campbell

There was a time, not so very long ago, when debate on fossil fuel subsidies in Australia focused on whether such subsidies existed.

Back then, Australia's business and political class had to at least pretend to follow the central tenets of market liberalism, including the idea that subsidies are bad. These people nodded along as assistance was wound back to Australia's textile and car manufacturing industries, which subsequently went offshore.

So when the Australia Institute published research on the subsidies that Australia's mining and fossil fuel industry receives, there was a lot of pushback from the industry about whether or not it was fair to call these deals 'subsidies'.

For example, the biggest part of the mining industry's [\\$4.5 billion per year](#) in federal tax breaks is a rebate on its use of diesel.¹ The mining industry [rejected the term 'subsidy'](#) on the basis that much of its diesel use is not on publicly-funded roads, so they shouldn't have to pay that tax.² Negating this argument is the fact that road funding has [not been linked to fuel tax](#) for decades.³

¹ 'Pouring more fuel on the fire', Matt Grudnoff, The Australia Institute, 25 June, 2013.
<https://www.tai.org.au/content/pouring-more-fuel-fire>

² 'Mining industry say diesel rebate is not a subsidy', ABC, 5 May, 2014.
<https://www.abc.net.au/news/rural/2014-05-05/miners-defend-diesel-fuel-rebate/5430832>

³ 'Revenue from road use', Rob Dossor, Parliament of Australia,
https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/FundingRoads

Another [example](#); between 2008 and 2013 Australian state governments spent \$17.6 billion on measures to support the mining and fossil fuel sector. Almost \$8 billion was spent on coal transport infrastructure.⁴

The coal industry [complained](#) that this spending is not technically a subsidy because user charges and royalties are later paid.⁵ However, the Treasury department in the major coal state of Queensland [makes it clear](#) that 'Government spending on mining related infrastructure means less infrastructure spending in other areas, including social infrastructure such as hospitals and schools.'⁶

But those were the good old days. Since then, the Australian Government has dropped all pretence of not wanting to subsidise the industries it favours, particularly the coal industry.

Most famously, the Federal Government tried to funnel a [\\$1 billion subsidised loan to Adani](#), the Indian energy conglomerate trying to build the largest new coal mine in the world.⁷ Far from being shy about government assistance to the coal industry in the age of climate change, the mining minister [emphasised that](#) 'every coal basin in Australia has been opened up through federal and state government investment.'⁸

The proposed Adani loan led to a huge public backlash that resulted in the [Queensland state government vetoing](#) it prior to an election.⁹ Post election, the Queensland government has itself tried to subsidise Adani with a [deal to defer royalty payments](#).¹⁰

Despite controversy around support for Adani, Australia's conservative government snatched a surprise victory in the 2019 federal election. Since then subsidising fossil fuel development is the openly stated policy of the government.

⁴ 'Mining the Age of Entitlement, Mick Peel, Roderick Campbell, Richard Denniss, The Australia Institute, 23 June, 2014. <https://www.tai.org.au/content/mining-age-entitlement>

⁵ 'Mining the Age of Entitlement?' Castalia Strategic Advisors, September 2014.

<http://www.nswmining.com.au/NSWMining/media/NSW-Mining/Publications/Reports/Response-to-Australia-Institute-by-Castalia.pdf>

⁶ 'Wise investment of fossil fools? Queensland backs coal as G20 moves the game on', Michael West, *Sydney Morning Herald*, 17 November, 2014.

⁷ 'Adani coal mine: green groups fume over plan for \$1b federal loan', Joshua Robertson, *Guardian*, 3 December, 2016. <https://www.theguardian.com/business/2016/dec/03/adani-coal-mine-green-groups-fume-over-plan-for-1b-federal-loan>

⁸ Matt Canavan, 'The Long Good bye', *Quarterly Essay 67*, September 2017.

<https://www.quarterlyessay.com.au/correspondence/correspondence-matt-canavan>

⁹ 'Annastacia Palaszczuk to officially veto Adani railway loan after swearing in', Amy Remeikis, *Guardian*, 11 December, 2017. <https://www.theguardian.com/australia-news/2017/dec/12/annastacia-palaszczuk-to-officially-veto-adani-railway-loan-after-swearing-in>

¹⁰ 'Adani coalmine: Queensland warned not to sign royalty deal until rail line agreed', *Guardian*, 26 September 2019.

<https://www.theguardian.com/environment/2019/sep/27/adani-coalmine-queensland-warned-not-to-sign-royalty-deal-until-rail-line-agreed>

The federal government has just [given \\$4 million](#) to support a feasibility study for a new coal fired power plant.¹¹ With no bank or other commercial investor interested in the project, it will be up to the government to build it, a prospect welcomed by [members](#) of the government who are sick of 'sending all our fantastic coal overseas.'¹²

This follows [various government efforts](#) to underwrite coal power station upgrades and extensions and to subsidise new gas-fired power.¹³ A deal for federal funding of energy infrastructure in New South Wales came with the catch that [new gasfields needed to be opened](#), or import terminals developed.¹⁴

Of course, none of this touches on the huge subsidy provided to fossil fuel producers and consumers by not making them pay for climate change.

This may be shifting. The unprecedented bushfire crisis in Australia over the summer has increased public calls for climate policy and for polluters to bear some of the costs currently borne by governments and the community. The Australia Institute has put forward a detailed proposal for a levy on fossil fuel producers, with funds directed into a [National Climate Disaster Fund](#) that would contribute to disaster recovery and climate adaptation.¹⁵

Unfortunately, the Australian Government has [ruled out](#) a levy on its friends in the gas and coal industries.¹⁶ This is hardly a surprise given that Australia was the first, and probably only, country to have a carbon pricing system and then abolish it. We also allow many mines to be abandoned or barely rehabilitated, another multi-billion benefit to an industry that used to claim not to be subsidised.

Yes, 'used to'. The debate about whether Australia has fossil fuel subsidies is long gone. Now that these industries have it so good, they barely bother to contest the 'subsidy' tag.

¹¹ 'Two coal-fired and hydroelectric power projects being explored for Qld', AAP, Brisbane Times, 8 February, 2020. <https://www.brisbanetimes.com.au/national/queensland/two-coal-fired-and-hydroelectric-power-projects-being-explored-for-ql-20200208-p53yy8.html>

¹² Matt Canavan, Twitter, 7 February, 2020. <https://twitter.com/mattjcan/status/1225866645890985984>

¹³ 'Morrison government to underwrite two gas power stations', Amy Remeikis, *Guardian*, 23 December, 2019. <https://www.theguardian.com/australia-news/2019/dec/23/morrison-government-to-underwrite-two-new-gas-power-stations>

¹⁴ 'NSW strikes 'landmark' deal with Federal Government, Green MPs call it 'climate criminality'', ABC, 31 January, 2020. <https://www.abc.net.au/news/2020-01-31/nsw-strikes-landmark-energy-deal-with-federal-government/11916314>

¹⁵ 'Put levy on fossil fuel producers to pay for climate disasters: Australia Institute', The Australia Institute, 18 December, 2019. <https://www.tai.org.au/content/put-levy-fossil-fuel-producers-pay-climate-disasters-australia-institute>

¹⁶ 'Government rules out new levy on fossil fuel industry', Paul Hunt, Energy News Bulletin, 6 January, 2020. <https://www.energynewsbulletin.net/policy/news/1378431/government-rules-out-new-levy-on-fossil-fuel-industry>

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