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Research that matters.

Fossil fuel subsidies in Australia 2026

Federal and state government assistance to producers and major users of fossil fuels in 2025-26

Fossil fuel subsidies cost Australian governments $16.3 billion in 2025–26, an increase of 9.4% on the previous year. This is a larger increase than the 7.6% growth of the National Disability Insurance Scheme. Growth in fossil fuel subsidies is driven by the Federal Government's Fuel Tax Credit Scheme, which cost $10.8 billion in 2025–26. Growth of this scheme is expected to outstrip spending on a range of social services including disability assistance, child care subsidies and aged care.

Matt Grudnoff & Rod Campbell

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The Australia Institute – Research that matters

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Contents

Summary

Australia's subsidies to fossil fuel producers and major users from all governments totalled $16.3 billion in 2025–26, an increase of 9.4% on the $14.9 billion recorded in 2024–25.

This is a large increase. For comparison, the cost of the National Disability Insurance Scheme (NDIS) increased by only 7.6% over the same period.

The total sum of $16.3 billion equates to $31,020 for every minute of every day of the year, or $590 for every person in Australia.

Beyond the 2025–26 budget year, total budgeted fossil fuel subsidies over the longer term have reached $72.7 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, 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 $16.3 billion in 2025–26 from $14.9 billion in 2024–25 was driven largely by the Federal Government's Fuel Tax Credits Scheme (FTCS). The FTCS cost the Federal Budget $10.8 billion in 2025–26, up from $10.2 billion in 2024–25. The FTCS is one of the most expensive items in the Federal Budget: it ranked 16th in 2025–26, above spending on the Royal Australian Air Force. It is Australia's single largest fossil fuel subsidy, worth over $1 billion per year to the coal industry alone.

In addition to the size of the FTCS, its forecast rate of growth is cause for concern. It is expected to grow 19.9% by 2028–29. This growth outpaces most social services including:

- Assistance to people with disabilities, forecast to grow by 16.4%.
- Child Care Subsidy (13.0%).
- Aged Care Services (16.9%).
- Veterans community care and support (7.3%).

Even though the AUKUS agreement is pushing Australian defence spending higher, Navy Capabilities are growing slower than the Fuel Tax Credit Scheme over two years, 9.7% compared to 13.0%.

Social service cost and defence cost increases are routinely described as "blow outs" that are "explosive" with implications for the budget overall. Increases in the FTCS are rarely covered in these terms.

At state level, Queensland provided the highest level of subsidies: $2.2 billion in 2025–26 and longer-term commitments worth $6.7 billion. The Queensland Government's state-owned mines, power stations and ports account for much of this sum, along with a $1.1 billion concession which relates to under-priced use of rail assets which benefits the coal industry.

Western Australia provided $398 million in assistance to fossil fuel industries in 2024–25, with longer-term commitments worth $2.1 billion. Over $93 million is budgeted to continue bailing out the long-troubled Griffin Coal and Bluewaters power station, assets formerly owned by WA entrepreneur Ric Stowe. Most other assistance measures provided by the WA government—$206.4 million or 52%—are 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 Northern Territory Government provided $355 million in assistance to the oil and gas industry in 2024–25, with longer-term commitments worth $4.0 billion. However, this figure does not include the gas that the NT Government recently announced 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 Government's Power and Water Corporation's gas services division managed to lose nearly $100 million during a period of record high gas prices that saw most gas companies enjoy windfall profits. The cost of a ship lift that partly benefits the offshore gas industry has increased yet again. In the words of an NT Legislative Assembly inquiry, "What began as a $100 million commitment has now escalated to an $820 million project".

Victoria provided $61 million in assistance to fossil fuels in 2025–26, with longer-term commitments worth $262 million. The state continues to subsidies carbon capture and storage proposals in Bass Strait, while there is also a land tax concession that is applied to mines, particularly coal mines, in the Latrobe Valley.

South Australia provided $9 million in assistance to fossil fuel industries in 2025–26, with longer-term commitments worth $79 million. The most significant spending relates to Port Bonython, a facility used by Santos for petrochemical exports. In 2025–26, the SA Government took over management of the Leigh Creek coal mine site, budgeting $1.8 million for reduce public safety risks at the site and manage environmental challenges.

New South Wales provided $11 million in assistance to fossil fuel industries in 2025–26, with longer-term commitments worth $277 million. The government has provided financial guarantees to Origin Energy to keep the Eraring coal-fired power station operating that could see the NSW Government pay Origin Energy up to $225 million. The NSW Coal

Innovation Fund spent $1.1 million in the latest year and had a closing balance of $24.6 million.

No fossil fuel subsidies were identified in the budgets of the Tasmanian or Australian Capital Territory governments.

Australia is not taking serious action on climate change. Instead, 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.

There is cause for optimism. New and diverse parties are now pushing for reform of Australia's fossil fuel subsidies. Some notable examples include:

- The Australian Council of Trade Unions (ACTU).
- Mining company Fortescue.
- The Australian Academy of Technological Sciences and Engineering (ATSE), whose fellows include numerous mining executives.
- The Labor Environmental Action Network (LEAN).
- Australia's federal Climate Change Authority, or at least its Chair, former NSW Liberal Treasurer Matt Kean.

The Australian Government itself seems open to reform, joining the *Belem Declaration on the Transition Away from Fossil Fuels* at the last round of UN climate talks in Brazil. Under this declaration, governments recognise "the need to phase-out inefficient fossil fuel subsidies as soon as possible." While no specific commitment has been made by the Australian Government, the momentum for fossil fuel subsidy reform appears to be growing.

Introduction

This is the sixth edition of The Australia Institute's annual report on fossil fuel subsidies by Australian state and federal governments.

Yet again we find that in the latest budget year, government support for fossil fuel producers and major users has increased, from $14.9 billion in last year's report to $16.3 billion this year, an increase of 9.4%. Meanwhile, the urgency of eliminating these subsidies for both climate and fiscal reasons has never been greater.

The Australia Institute's research on fossil fuel subsidies, and in particular what is now known as the Fuel Tax Credit Scheme, dates back to 1998,[1] with notable publications in 2001, 2012 and 2014 before the current series began in 2020.[2] While this research has not succeeded in reducing fossil fuel subsidies, it has certainly succeeded in changing the debate around them. In the past, the very existence of fossil fuel subsidies in Australia was either denied or ridiculed.[3] Now, Australia's fossil fuel subsidies are routinely discussed and calls for reform are growing louder.

In the introduction to last year's report, we highlighted that the 2025 election could result in a power sharing government, with crossbench members of parliament such as Kate Chaney and David Pocock likely to pursue fossil fuel subsidy reform. Instead, the 2025 election returned the Labor Government with a strong majority. While this result limited the ability of the crossbench to influence fossil fuel subsidies, new and diverse parties are now also pushing for reform. Some notable examples include:

- The Australian Council of Trade Unions (ACTU).[4]

[1] Turton and Hamilton (1998) *The GST Package and Air Pollution: The impact of proposed indirect taxes changes on atmospheric emissions*, https://australiainstitute.org.au/wp-content/uploads/2020/12/DP19_8.pdf

[2] See Hamilton, Denniss and Turton (2001) *Taxation and the Environment*, https://australiainstitute.org.au/wp-content/uploads/2020/12/DP46_8.pdf; Grudnoff (2012) *Pouring fuel on the fire*, https://australiainstitute.org.au/report/pouring-fuel-on-the-fire/; Peel, Campbell and Denniss (2014) *Mining the age of entitlement: State government assistance to the mining and fossil fuel sector*, https://australiainstitute.org.au/report/mining-the-age-of-entitlement/

[3] See for example Tingle (2011) Swan under pressure over fossil fuels, https://www.afr.com/policy/energy-and-climate/swan-under-pressure-over-fossil-fuels-20110228-il2j3; RMIT ABC Fact Check (2020) *Matt Canavan says there's no government subsidisation of Australia's fossil fuel industries. Is he correct?,* https://www.abc.net.au/news/2020-07-29/fact-check-matt-canavan-fossil-fuel-industry-subsidies/12496310; Roche (2014) *Left-wing 'think tank' short changes resources sector*, https://www.australianmining.com.au/left-wing-think-tank-short-changes-resources-sector-opinion/

[4] ACTU (2025) *Australian Unions back 'faster to yes – faster to no' on energy approvals and reducing the fuel tax credit scheme*, https://www.actu.org.au/media-release/australian-unions-back-faster-to-yes-faster-to-no-on-energy-approvals-and-reducing-the-fuel-tax-credit-scheme/

- Mining company Fortescue.[5]
- The Australian Academy of Technological Sciences and Engineering (ATSE),[6] whose fellows include numerous mining executives.[7]
- The Labor Environmental Action Network (LEAN).[8]
- Australia's federal Climate Change Authority, or at least its Chair, former NSW Liberal Treasurer Matt Kean.[9]

Many of these parties support a specific proposal from the Climate Energy Finance think tank, regarding reform to the fuel tax credit scheme.[10]

The Australian Government itself seems open to reform, joining the *Belem Declaration on the Transition Away from Fossil Fuels* at the last round of UN climate talks in Brazil.[11] Under this declaration, governments recognise "the need to phase-out inefficient fossil fuel subsidies as soon as possible."[12] While no specific commitment has been made by the Australian Government, the momentum for fossil fuel subsidy reform appears to be growing.

[5] Fortescue (2025) *Incentivising diesel decarbonisation*, https://www.fortescue.com/en/real-zero/diesel-fuel-rebate

[6] ATSE (2025) *Decarbonising diesel industries*, https://www.atse.org.au/what-we-do/strategic-advice/decarbonising-diesel-industries/

[7] Campbell (2025) *More big names and fossil fuel subsidies*, https://live.thepoint.com.au/2025/09/australia-institute-live-albanese-government-facing-questions-on-aged-care-nauru-deal-climate-targets-and-population-as-domestic-issues-return-to-the-fore-all-the-days-events-live/#a62f70a795

[8] Mizen (2026) *Labor targets $10.8b fuel tax credit scheme*, https://www.afr.com/politics/federal/labor-targets-10-8b-fuel-tax-credit-scheme-20260127-p5nx8o

[9] Cropp (2025) *Labor's climate chief takes aim at 'insane' diesel subsidy*, https://www.afr.com/policy/energy-and-climate/labor-s-climate-chief-takes-aim-at-insane-diesel-subsidy-20251022-p5n4e3

[10] Pollard and Buckley (2025) *Transition Tax Incentive: Reforming Fuel Tax Credits into a Decarbonisation Tailwind*, https://climateenergyfinance.org/wp-content/uploads/2025/08/CEF_Transition-Tax-Incentive-Report-FINAL_20August2025.pdf

[11] DCCEEW (2025) *Australia's participation at COP30*, https://www.dcceew.gov.au/about/news/australias-participation-cop30

[12] OECO (2025) *Belem Declaration on the Transition Away from Fossil Fuels,* https://oeco.org.br/wp-content/uploads/2025/11/BELEM-DECLARATION-ON-THE-TRANSITION-AWAY-FROM-FOSSIL-FUELS-Adobe-cloud-storage.pdf

Previous research and methodology

PREVIOUS RESEARCH

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.[13] 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.[14] 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.[15]
- The Organisation for Economic Co-operation and Development (OECD), which put the figure at $12.4 billion in 2021.[16]
- The Productivity Commission, which estimated that $1 billion was given to sectors that include fossil fuel activities in 2018–19.[17]

This range of 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.

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

[14] Riedy (2007) *Energy and transport subsidies in Australia: 2007 update*, https://apo.org.au/node/4203

[15] 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.

[16] 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/; 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

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

METHODOLOGY

Our estimates of the subsidies and other forms of assistance given to the fossil fuel producers and major users 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 data was unavailable for the current budget year, estimates were based on data taken from the relevant 2024–25 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 2025–26 Federal, State and Territory Budget Papers.

In some cases, identifying which budget items constitute a fossil fuel subsidy is straightforward—in particular, where their title suggests that the 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.

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 $113 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.

Departmental spending

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".[18] Where regulators make minimal effort to recover such expenses and the under-recovery can be quantified, this has been included as a subsidy.

Infrastructure

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

[18] 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

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 opportunity cost of this use of limited funds is a real cost to government and the community." – Queensland Treasury [19]

> "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 Treasury [20]

Our approach to calculating subsidies reflects the same logic as the state treasuries: 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.

Ongoing programs and total project costs

This report includes estimates of fossil fuel subsidies in the current budget year and also the total cost of each item or program. 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 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,

[19] 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

[20] 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

which dominates overall results, as the 2025–26 Federal budget indicates that spending on the Scheme will continue to increase in the future.

Tax breaks, concessions, expenditures

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).

TOUGH CALLS

Carbon capture and storage

Generally speaking, we have considered funding for carbon capture and storage (CCS, sometimes including "use/utilisation and storage" and abbreviated as CCUS) as being 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, so have been included in our estimates.

Hydrogen

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.

Environmental costs

Our estimates do not generally 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.

Some exceptions relate to abandoned mine rehabilitation spending, usually by state governments. Where dollar value figures are published and the abandoned mine (or oil/gas facility) was devoted to fossil fuels, these figures have been included.

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.

2025-26 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 $16.3 billion in 2025–26:

Table 1: 2025–26 fossil fuel subsidies by federal, state and territory governments

	Spending measures ($)	Tax concessions ($)	Total assistance ($)
Federal	$229,477,000	$13,035,000,000	$13,264,477,000
QLD	$1,068,916,000	$1,137,800,000	$2,206,716,000
WA	$397,935,000	N/A	$397,935,000
NT	$354,624,750	N/A	$354,624,750
VIC	$60,700,000	N/A	$60,700,000
SA	$8,851,000	N/A	$8,851,000
NSW	$10,664,000	N/A	$10,664,000
Total	**$2,131,167,750**	**$14,172,800,000**	**$16,303,967,750**

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 2025–26, fossil fuel subsidies cost the public $31,020. Over the year, this represents $590 for every person in Australia.[21]

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 $10.8 billion in 2025–26, more than the expense of the Army or the Air Force. The cost of the Fuel Tax Credits Scheme is forecast to increase by 21% over the forward estimates.

[21] ABS (2025) *National, state and territory population*, https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2025

The totals in Table 1 are an increase on 2024–25, which saw a total of $14.9 billion in budgeted assistance for fossil fuels. The increase was driven by several factors. For the Federal Government the increase was primarily the Fuel Tax Credits Scheme. Queensland saw a ramping up of spending on the Brigalow gas peaking plant and a larger rail concession. In Western Australia they were driven by the Griffin Coal financial assistance agreement. For further information on each of these, see the Federal, Queensland, and Western Australian sections below.

CAPITAL VALUES AND FORWARD ESTIMATES

The results above refer only to fossil fuel subsidies incurred or provided by governments in 2025–26. 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 2: Capital values and forward estimates

	2025–26 ($)	2024–25 ($)	2023–24 ($)
Federal	59,486,774,000	55,529,584,737	54,323,286,500
QLD	6,696,420,000	5,975,891,000	5,516,591,000
WA	$,125,782,000	1,376,510,255	1,033,650,000
NT	4,015,212,000	3,649,343,000	3,723,595,000
VIC	261,900,000	216,100,000	84,000,000
SA	78,940,000	97,956,000	186,740,000
NSW	277,327,000	492,385,000	102,717,667
Total	**72,665,028,000**	**67,337,769,992**	**64,970,580,167**

Source: Budget papers, annual reports and tax expenditure documents

Table 2 shows that Australian governments have budgeted $72.7 billion over the lifetime of fossil fuel projects and programs listed in 2025–26 budget papers. This represents a $5.6 billion increase from the 2024–25 figure of $67.3 billion.

In contrast with fossil fuel subsidies, the balance of Australia's Disaster Ready Fund was $5.1 billion in September 2025.[22] 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

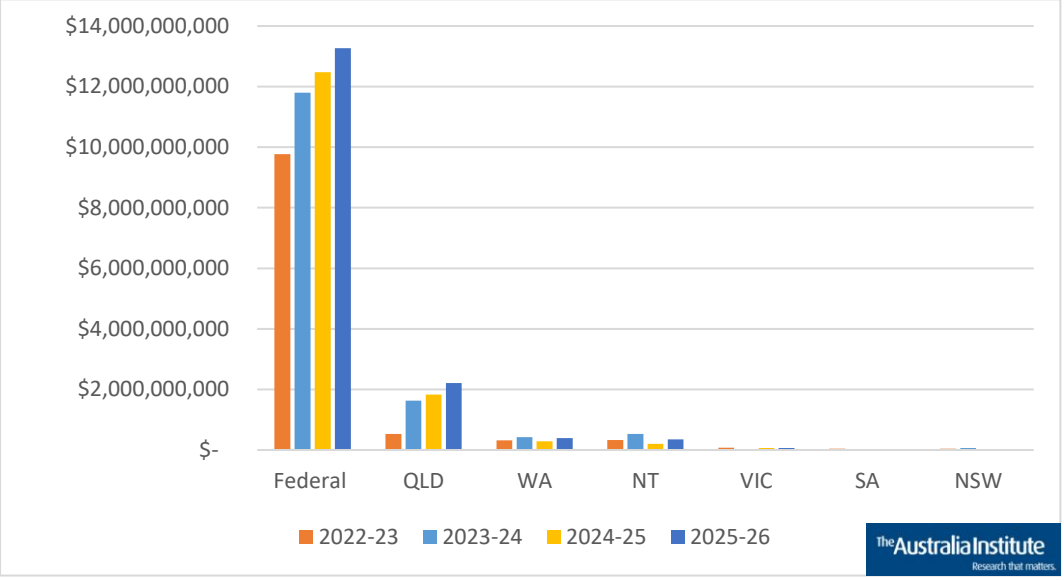
[22] Australian Government (2025) *Disaster Ready Fund*, https://www.finance.gov.au/emergency-response-fund

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 2025–26 total of $16.3 billion represents a 9% increase from 2024–25's total of $14.9 billion. The subsidies provided each year are broken down by jurisdiction in Figure 1 below:

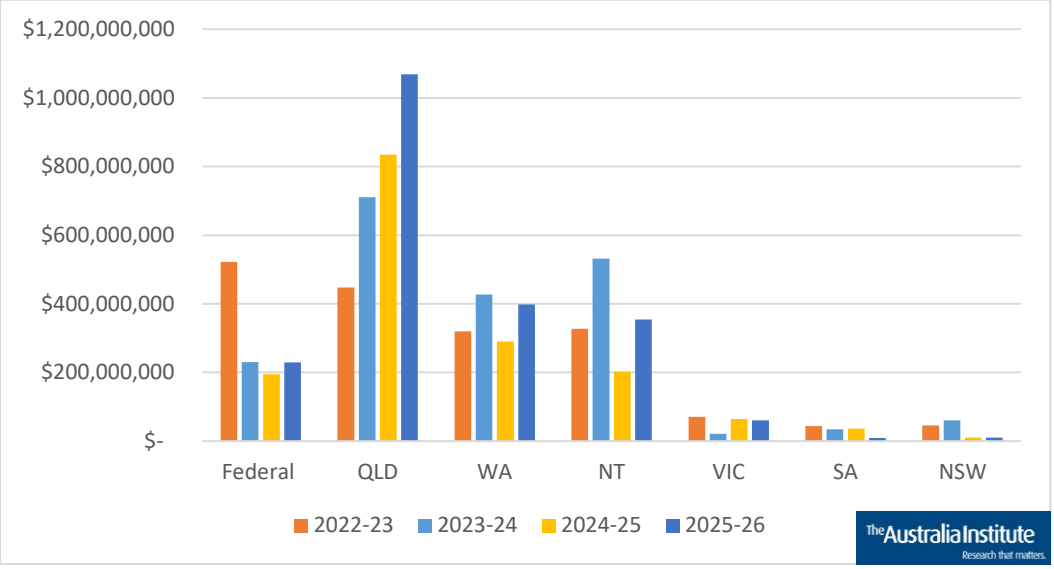
Figure 1: Fossil fuel subsidies 2022–23 to 2025–26 by jurisdiction



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, 2022–23 to 2025–26 (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 $522 million during the Morrison Government's "gas-fired recovery" to $230 million in 2023–24, $195 million in 2024-25, before rising to $229 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 2025–26, the Queensland government provided more assistance to fossil fuels than any other government in Australia, passing $1 billion for the first time. Of the $1.07 billion 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 increase in Western Australia's fossil fuel subsidies is primarily because the government has published numbers for the Griffin Coal Financial Assistance Agreement which subsidises this mine and the nearby Bluewaters Power Station, both of which have been in financial difficulty for many years.

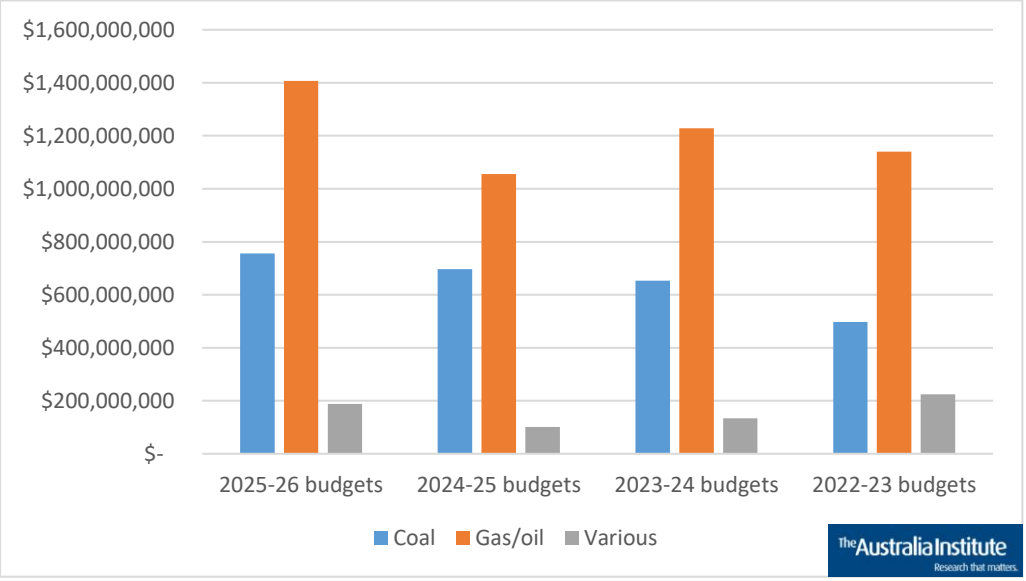
The rebound in the Northern Territory's subsidies, after a fall last year, largely reflects funding for road upgrades made specifically for the onshore gas industry. These roads were built to allow access to gas extraction, processing, and export facilities. The continued cost overrun of the common user ship lift and the Power Water Corp's losses on its gas purchase agreements also added significantly to the increase.

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 2025–26 budget.

2025-26 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 2025–26 spending by industry segment, not including concessions



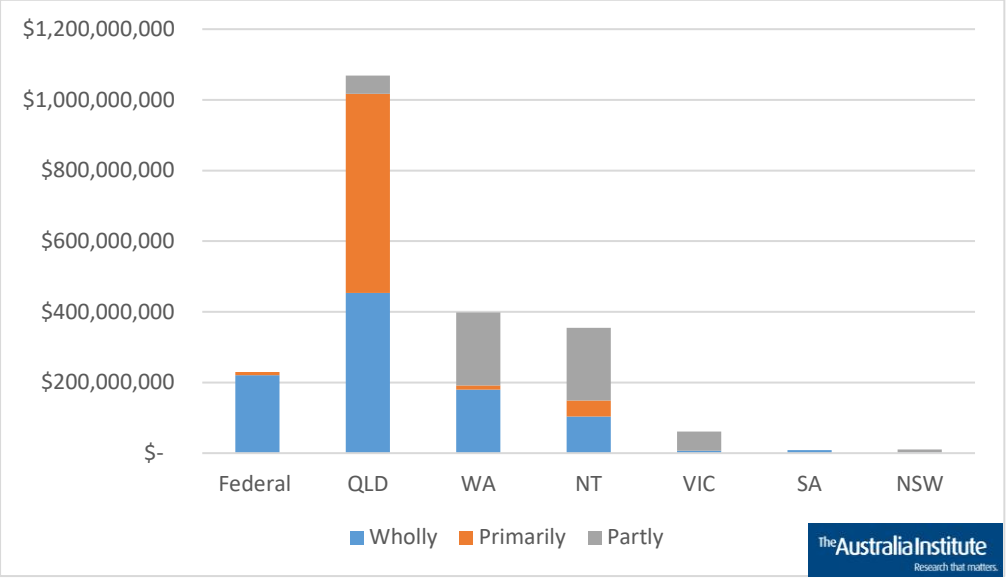
Source: Budget papers and annual reports

Figure 3 shows that since 2022–23, the coal industry has seen a steady growth in subsidies. Oil and gas, which dominates fossil fuel subsidies, has also regularly increased, except for a small fall in 2024-25.

2025-26 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 2025–26 by dedication, not including concessions.

Figure 4: Budget 2025–26 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 2025–26, the Federal Government provided $13.3 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 $10.8 billion. Other tax breaks on fuel excise and the Petroleum Resources Rent Tax (PRRT) account for a further $2.2 billion.

The Federal Government also provided a total of $229 million of non tax-based subsidies in 2025–26. Table 3 below sets out the costs of both tax-based and non tax-based subsidies, along with the total assistance provided in 2025–26. The equivalent figures for 2024–25 are also provided for comparison.

Table 3: Federal Government fossil fuel subsidies 2024–25 and 2025–26

Dedication to fossil fuels	2025–26 Budget spending ($)	2025–26 tax concessions ($)	Total 2025–26 assistance ($)	Total 2024–25 assistance ($)
Wholly	221,037,000	12,980,000,000	13,201,037,000	12,412,814,000
Primarily	8,440,000	55,000,000	63,440,000	66,194,000
Partly	-	-	-	-
Total	229,477,000	13,035,000,000	13,264,477,000	12,479,008,000

Source: Federal Government Budget Papers 2024–25 and 2025–26; annual reports of Federal Government controlled entities; *Tax Expenditure and Insights Statement* 2025

Table 3 shows that Federal Government assistance to the fossil fuel sector in 2024–25 is $785 million more than it was in 2024–25, 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 2025–26 Federal projects and programs—including capital value and budget paper forward estimates—is $59.5 billion. This is an increase of $3.9 billion from last year's total of $55.5 billion, as shown in Table 4 below:

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

Dedication to fossil fuels	Total value 2025–26 ($)	Total value 2024–25 ($)
Wholly	54,948,008,000	54,948,008,000
Primarily	281,576,000	281,576,000
Partly	300,000,000	300,000,000
Total	55,529,584,000	55,529,584,000

Source: Federal Government Budget Papers 2024–25 and 2025–26; annual reports of Federal Government controlled entities; *Tax Expenditure and Insights Statement* 2025

As discussed below, these totals include the Albanese Government's subsidy for projects such as Snowy Hydro's gas-fired Hunter Power station, as well as funding through other government bodies such as the Northern Australia Infrastructure Fund and the Australian Rail Track Corporation, which 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 certain fuels used in machinery, vehicles over 4.5 tonnes, and vehicles not used on public roads.[23] It is not available to businesses or individuals that use lighter vehicles, drive on public roads or use machinery and vehicles that run on different fuels. This tax break works to make fossil fuel use cheaper for energy-intensive businesses such as coal mines. Fuel tax is not linked to road funding,[24] 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*.[25]

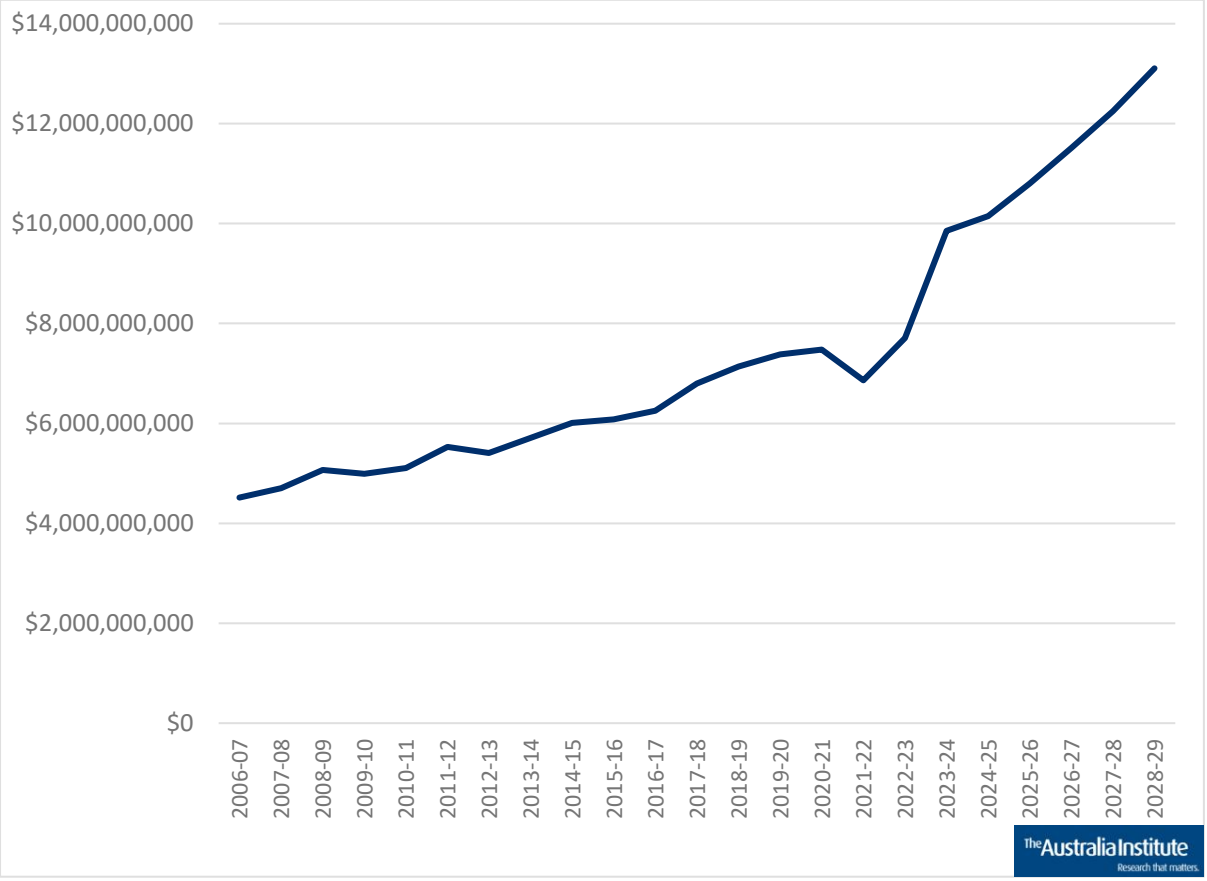
The cost of the Scheme has increased steadily—more than doubling from under $5 billion in 2008–09 to $10.8 billion in 2025–26. Rapid growth is expected in the coming years—as shown in Figure 5 below, the cost of the Scheme is forecast to reach $13.1 billion in 2028–29:

[23] ATO (2021) *Fuel tax credits – business*, https://www.ato.gov.au/Business/Fuel-schemes/Fuel-tax-credits---business/

[24] 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

[25] 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/

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



Source: Australia Taxation Office (2025) *Taxation statistics 2022-23, Excise and fuel schemes*, Table 4; Australia Government (2025) *Budget Paper 1*.

The rapid increase in the cost of the Fuel Tax Credit Scheme shown in Figure 5 is explained by Treasury as being due to "an expected increase in the use of fuels that are eligible for the Fuel Tax Credits Scheme."[26] Increasing use of fossil fuels is clearly problematic from a climate perspective and contradicts the Albanese Government's claims that climate policies like the Safeguard Mechanism and vehicle efficiency standards are sufficient to reduce emissions.

The cost of the Fuel Tax Credit Scheme, shown in Figure 5 above, is increasing faster than many other significant budget items. Table 5 below shows the cost of the scheme and selected social programs:

[26] Australian Government (2025) *Budget Paper 1*, p 136, https://budget.gov.au/content/bp1/download/bp1_2025-26.pdf

Table 5: Growth in Fuel Tax Credit Scheme and other selected expenses

Budget item		2025-26	2026-27	2027-28	2028-29
Fuel Tax Credit Scheme	Budgeted cost ($m)	10,805	11,515	12,254	13,107
	Change (%)		6.6%	6.4%	7.0%
Assistance to people with disabilities	Budgeted cost ($m)	90,884	95,037	100,309	106,568
	Change (%)		4.6%	5.5%	6.2%
National Disability Insurance Scheme	Budgeted cost ($m)	52,291	55,074	58,960	63,614
	Change (%)		5.3%	7.1%	7.9%
Child Care Subsidy	Budgeted cost ($m)	16,242	16,821	17,796	18,446
	Change (%)		3.6%	5.8%	3.7%
Aged Care Services	Budgeted cost ($m)	41,358	44,012	45,630	48,755
	Change (%)		6.4%	3.7%	6.8%
Veterans Community Care and Support	Budgeted cost ($m)	1,179	1,069	1,135	1,254
	Change (%)		-9.3%	6.2%	10.5%
Navy Capabilities	Budgeted cost ($m)	11,579	12,596	12,712	14,208
	Change (%)		8.8%	0.9%	11.8%

Source: Australian Government (2025) *Budget Paper 1: Budget Strategy and outlook*

Table 5 shows that the Fuel Tax Credit Scheme is expected to increase from $10.8 billion in 2025-26 to $13.1 billion in 2028-29, growing at between 6% and 7% each year, a total increase of 21.3% over three years. This is a larger increase than is expected for overall assistance to people with disabilities, which is forecast to grow by 17.3%. The best-known component of disability assistance is the National Disability Insurance Scheme (NDIS). Table 5 shows that the NDIS is expected to increase by 21.7% over the next three years, only slightly greater than the Fuel Tax Credit Scheme.

This is noteworthy because the growth in NDIS funding is often criticised. NDIS costs are routinely described as “blow outs” that are “explosive” with implications for the budget overall.[27] Such terms are rarely used to describe the growth of the Fuel Tax Credit Scheme, even though Table 5 shows that it is expected to grow more rapidly than the NDIS over the next two years, 13.0% compared to 12.4%.

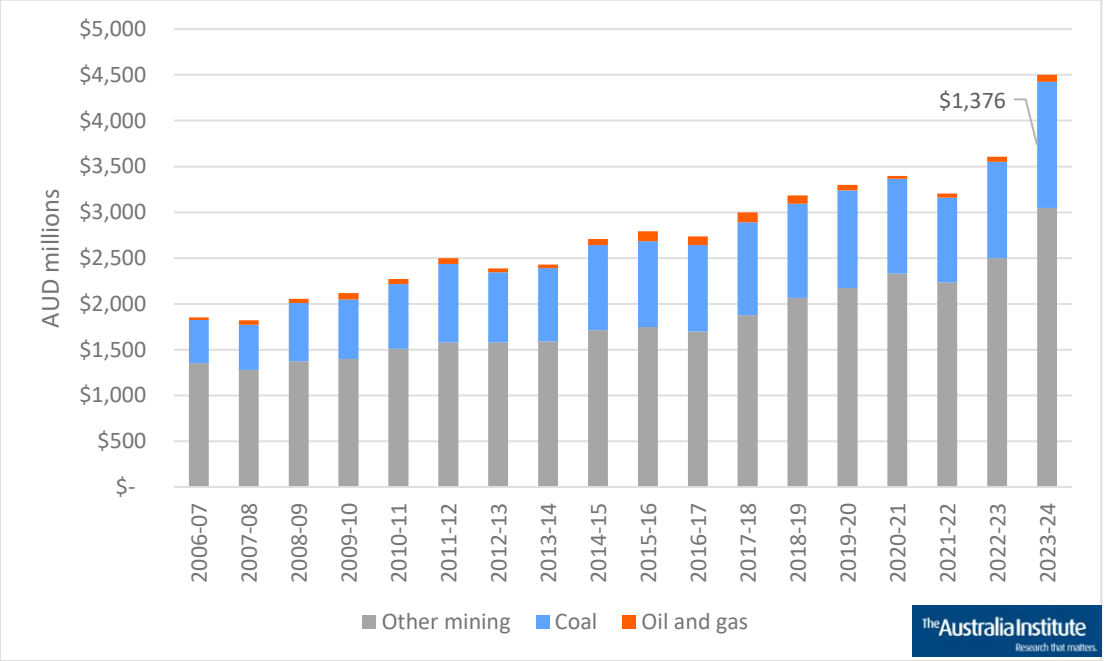
Table 5 also shows that the 21.3% growth forecast for the Fuel Tax Credit Scheme is higher than growth expected in other programs such as Child Care Subsidy (13.6%), Aged Care Services (17.9%), or Veterans community care and support (6.4%). Even though the AUKUS agreement is pushing Australian defence spending higher, Navy Capabilities are growing slower than the Fuel Tax Credit Scheme over two years, 9.7% compared to 13.0%. A large

[27] See for example Read (2024) *NDIS spending blows out by $5.4b*, https://www.afr.com/policy/economy/ndis-spending-blows-out-by-5-4b-20240510-p5jclx

increase in 2028-29 expected to push the navy's three year increase to 22.7%, slightly larger than the 21.3% growth of the fuel scheme.

The main beneficiaries of this growth will likely be mining companies, including the coal industry. The Fuel Tax Credits Scheme not only subsidises the consumption of fossil fuels, but also their production. The total benefit provided by the Scheme to the coal industry between 2006–07 and 2023–24 is $15.7 billion, with a total of $1.376 billion accruing in the latest year with data available, as shown in Figure 6 below.

Figure 6: Fuel tax credits and the mining industry



Source: Australia Taxation Office (2025) *Taxation statistics*, Excise and fuel schemes, Table 4

Figure 6 shows that as of 2023–24 (latest available data), the Fuel Tax Credits Scheme was worth $4.5 billion per year to the mining industry. Not surprisingly, the mining industry leads a campaign to maintain this lucrative subsidy.[28]

Not all mining companies are opposed to reform of the Fuel Tax Credits Scheme. Iron ore miner Fortescue, in partnership with the Australian Academy of Technological Sciences and Engineering, has called for reform to the Scheme.[29]

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

[28] Fuel Tax Credit Alliance (2020) *Fuel tax credits*, http://fueltaxfacts.com.au/

[29] ATSE (2025) *Decarbonising diesel industries*, https://www.atse.org.au/what-we-do/strategic-advice/decarbonising-diesel-industries/

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.[30] 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.

Table 6: Tax-based fossil fuel subsidies 2025–26, 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	1,820,000,000
Excise concessions for "alternative fuels" (including LPG and LNG)	Wholly	Consumption	190,000,000
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			**2,230,000,000**

Source: Australian Government (2025) *2025-26 Tax Expenditures and Insights Statement*

The largest concession in Table 6 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 liquefied 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 $1.7 billion in 2024–25 to $1.82 billion in 2025–26. The forward estimates expect the concession to be worth more than $2.2 billion by 2028–29. 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.[31]

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

[30] Australian Government (2025) *2025-26 Tax Expenditures and Insights Statement*, https://treasury.gov.au/publication/p2025-721342

[31] CSIRO (2023) *Fueling Australia's future sustainable aviation industry*, https://www.csiro.au/en/news/All/Articles/2023/August/sustainable-aviation-industry-australia

gas, and deductions based on the value of project assets that can be carried forward and uplifted.

BUDGETED SUBSIDIES AND COSTS

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 resource wealth* program aims to "maximising the value from our abundant mineral and energy resources."[32] 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.[33]

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.[34]

While its costs are not identified in Federal Government budget papers, GISERA's *Annual Research and Development Plan* includes financial details.[35] 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.

[32] Geoscience Australia (2025) *Annual report 2024-25*, p 73, https://www.ga.gov.au/about/corporate-documents/annual-report

[33] Geoscience Australia (2024) Annual report 2023-24, p 75.

[34] 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/

[35] 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; 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

The publicly-funded proportion of GISERA's budget in 2024–25 was $8.4 million, and another $33.8 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 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.[36] The project entered the testing and commissioning phase in 2025. It is expected to be fully up and running in 2026. 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's report does not. To estimate a value for the latest year, we use the proportion of capital expenditure dedicated to coal in the 2023-24 Annual Report, 14.6%.[37] We apply this to the capital commitments listed in the current (2024-25) annual report, $1,480 million.[38] This gives an estimate of $216.1 million 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—

[36] 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

[37] Australian Rail Track Corporation (2024) *Annual report 2023-24*, https://www.artc.com.au/about/reports/annual-reports/

[38] Australian Rail Track Corporation (2024) *Annual report 2024-25*, https://www.artc.com.au/about/reports/annual-reports/

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.[39]

Last year, the EFA stopped reporting LNG projects separately, but in the most recent annual report, it has returned to reporting LNG figures separately. 2025-26 included $136.4 million for the LNG industry. The EFIC Act was amended in 2024 to prohibit support that would directly finance coal, crude oil, or natural gas. This will likely reduce their exposure to LNG over time.

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.[40] 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 2024–25 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.[41] NAIF will assist with $220 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.

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

[40] NAIF (n.d.) *Investing for impact across the north*, https://naif.gov.au/

[41] 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/

Queensland

Queensland produces the most coal of any state and more gas than every state except Western Australia.[42] Queensland has the most coal mines currently operating,[43] as well as the most proposed mines—of the 46 new coal projects listed on the Australian Government's Major Projects list, 35 are in the state.[44]

Via various state-owned corporations, the Queensland Government 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 $1.07 billion in 2025–26, as shown in Table 7 below:

Table 7: Queensland Government 2025–26 fossil fuel subsidies

Dedication to fossil fuels	2025–26 Budget spending ($)	Concessions ($)	Total 2025–26 assistance ($)
Wholly	453,674,000	-	453,674,000
Primarily	563,605,000	53,500,000	617,105,000
Partly	51,637,000	1,084,300,000	1,135,937,000
Total	**1,068,916,000**	**1,137,800,000**	**2,206,716,000**

Source: Queensland Government (2025) *Budget Papers 2025-26*

Table 7 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 7, these concessions amount to $1.14 billion; the vast majority (some $1.08 billion) 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 $6.7 billion. This is shown

[42] Australian Government – Department of Climate Change, Energy, the Environment and Water (2025) *Australian Energy Update 2025*, Table I: Australian production of primary fuels, by state and territory, physical units, https://www.energy.gov.au/publications/australian-energy-update-2025

[43] Australian Government – Department of Industry, Science and Resources (2025), p 37, 48, *Resources and Energy Quarterly - September 2025*, https://www.industry.gov.au/publications/resources-and-energy-quarterly-september-2025

[44] Australian Government – Department of Industry, Science and Resources (2025) *Resources and energy major projects:* 2025, https://www.industry.gov.au/publications/resources-and-energy-major-projects-2025

in Table 8, 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 8: Queensland Government capital value and forward estimates

Dedication to fossil fuels	Capital values/forward estimates ($)
Wholly	541,564,000
Primarily	1,410,797,000
Partly	4,744,059,000
Total	**6,696,420,000**

Source: Queensland Government (2025) *Budget Papers 2025-26*

Fossil fuel subsidies in Queensland have increased since 2024-25. This increase was driven by the ramping up of spending on the Brigalow gas peaking plant. Maintenance and overhauls of the government's other gas and coal fired power stations was similar to the previous years, while fossil fuel subsidies to Queensland Government owned ports was lower.

COAL MINES AND POWER STATIONS

CS Energy: Brigalow, Callide, and Kogan Creek

CS Energy, a company wholly owned by the Queensland Government, operates several power stations in the state. It is also currently constructing the Brigalow Peaking Power Plant, a new gas peaking plant adjacent to the Kogan Creek Station that will be operated as a joint development with APA Group.[45]

Brigalow Peaking Power Plant

The Queensland Government seems at pains to emphasise the green credentials of the Brigalow Plant—the official announcement of the project described it as "the state's first renewable energy peaking plant",[46] and much has been made its "hydrogen readiness"—the latter on the basis that the plant is designed to 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 demonstration plant only has a 1 megawatt (MW) electrolyser, and given the 400 MW capacity of the peaking plant, it seems unlikely that this plant will use green

[45] APA Group (2025) *APA signs agreement to partner with CS Energy to develop and own the proposed Brigalow Peaking Power Plant*, https://www.apa.com.au/news/asx-and-media-releases/apa-signs-agreement-to-partner-with-cs-energy-to-develop-and-own-the-proposed-brigalow-peaking-power-plant

[46] Queensland Government (2023) *Queensland's first hydrogen ready power plant to use GE technology*, https://statements.qld.gov.au/statements/99113

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— $479.2 million in the 2025–26 Queensland budget, and an expected total value of $1.05 billion—as being primarily dedicated to fossil fuels.

Callide Power Station

Callide Power Station is a 1,544 MW black coal-fired power station in Biloela, Central Queensland, operated by government-owned CS Energy.[47] Callide Power Station comprises two power stations—Callide B and Callide C—that deliver energy to the National Electricity Market.

Despite being one of the state's newest power stations, a "supercritical" plant built in 2001, it has been beset with problems, including an explosion in 2021.[48] It also suffers regular unplanned outages.[49] The 2025–26 budget allocates $122.7 million to Callide Power Station for "overhauls and sustaining projects". This comes on top of the $108.3 million allocated for these purposes last year.

Kogan Creek Power Station

Kogan Creek Power Station is a 750 MW black coal power station in southwest Queensland.[50] It is supplied by the Kogan Creek Mine, with run of mine (ROM) coal production of 2.8 Mtpa.[51] The budget allocates a total of $68 million to the project—$65.3 million to Kogan Creek Power Station and $2.7 million to the Kogan Creek Mine—which we have classified as wholly dedicated to fossil fuels.

[47] CS Energy (n.d.) *Callide Power Station*, https://www.csenergy.com.au/what-we-do/thermal-generation/callide-power-station

[48] 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

[49] Nexa Advisory (2025) *Coal performance in the NEM: Callide Power Station*, https://nexaadvisory.com.au/callide-power-station-case-study/

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

[51] 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

Swanbank E Power Station

Swanbank E is a 385 MW gas-fired power station in South East Queensland operated by state-owned CleanCo.[52] Swanbank E was mothballed in 2014, but brought back online in 2017 with financing from the Queensland Government.[53] In March 2023, the Queensland Government announced plans to transform Swanbank E into a Clean Energy Hub, which will include green hydrogen infrastructure.[54] This year's budget allocates $5.1 million to Swanbank E for sustaining projects.

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; $26.1 million was allocated in 2025–26 to complete the 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 supplies the Swanbank E gas-fired power station. The development is a joint venture between CleanCo and Arrow Energy, agreed to in October 2020.[55] The budget allocates $28.4 million in 2025–26 and $66.8 million for the whole project, which we have classified as wholly 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.[56]

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

[53] 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

[54] 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

[55] The Hon Mick de Brenni, Mr Lance McCallum (2023) *250MW Swanbank Battery as SEQ joins Clean Energy Hub revolution*.

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

The development of a new clean energy hub has also been announced for the site, and as part of that, a memorandum of understanding has been signed with Quinbrook to build a battery.[57]

The budget allocates $34.4 million to Stanwell Power Station for overhauls and other sustaining projects.

Barcaldine Power Station

The $75 million 30 MW hydrogen-ready gas generator project at the state-owned Barcaldine Power Station has been abandoned.[58] ZEN Energy pulled out of the project after discussions with the new LNP State Government.

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.[59] The mine is also used to deposit ash waste from Tarong Power Stations.[60]

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.[61] The 2025–26 budget allocates $113.3 million to the Meandu mine—up from $50.2 million in 2024–25—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.[62] 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.[63] The 2025–26 budget allocates $80 million to Tarong Power Station, for overhauls, sustaining projects, and

[57] Energy (2025) *Stanwell to host its first eight-hour battery in Gladstone*, https://esdnews.com.au/stanwell-to-host-its-first-eight-hour-battery-in-gladstone/

[58] Carstens (2025) *Barcaldine Renewable Energy Zone plans abandoned*, https://www.abc.net.au/news/2025-11-12/barcaldine-renewable-energy-zone-plans-abandoned/105999132

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

[60] Stanwell (n.d.) *Meandu Mine*.

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

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

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

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, 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. This year, there were no projects that were related to fossil fuels, and no fossil fuel subsidies have been recorded.

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.[64]

Funding for port facilities, building and land development, and marine infrastructure worth $78.7 million has been 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 Australia's northernmost coal export port, while petroleum is the largest throughput

[64] Gladstone Ports Corporation Limited (2023) *Cargo Statistics Selections*, https://content3.gpcl.com.au/viewcontent/CargoComparisonsSelection/

for the Port of Mackay.[65] Overall trade through North Queensland Bulk Ports decreased by 1.4% in 2024-25, with coal making up 87% of throughputs for all North Queensland Bulk Ports. Of these coal exports, 77% are metallurgical coal and 23% thermal coal.[66]

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. Funding for Abbot Point and Hay Point projects is 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 $31 million in the budget, an increase from $27.7 million in 2024–25.

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.[67] The Port of Townsville imports and exports a range of products, including cement, vehicles, sugar, timber, agricultural products, and minerals.[68] Petroleum products were the largest import in 2024–25, comprising 45% of total imports.[69]

The Townsville Channel Capacity Upgrade (TCCU) was the largest fossil fuel subsidy provided to the Port of Townsville in 2025–26, as it has been for the past four 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 $3.1 million for 2025-26, which 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.

[65] North Queensland Bulk Ports Corporation (2025) *North Queensland Bulk Ports Annual Report 2024-25;* https://nqbp.com.au/about-us/publications
North Queensland Bulk Ports Corporation (2025) *Throughputs*, https://nqbp.com.au/trade/throughputs
[66] North Queensland Bulk Ports Corporation (2025) *North Queensland Bulk Ports Annual Report 2024-25*.
North Queensland Bulk Ports Corporation (2025) *Throughputs*.
[67] Port of Townsville (n.d.) *Port History*, https://www.townsville-port.com.au/about/port-history/
[68] Port of Townsville (n.d.) *Port History*.
[69] Port of Townsville (2025) *Annual Report 2024-25*, https://www.townsville-port.com.au/media-publications/publications/annual-reports/

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.[70] The budget dedicates $21.8 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.[71] Industries considered suitable for the area include an LNG facility, a fuel storage facility and associated infrastructure, and extractive industries.[72] The budget dedicates $2.1 million 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 access to industrial and resource development areas.[73] 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.[74] The budget dedicates $200,000 to the Townsville

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

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

[72] Economic Development Queensland (n.d.) *Salisbury Plains Industrial Precinct*

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

[74] Queensland Government (n.d.) *Townsville State Development Area*.

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.[75]

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 concessions worth $1.1 billion, which we determine to be partly dedicated to fossil fuels (various);
- Concessions to Far North Queensland Ports Corporation Limited worth $2 million, which we determine to be partly dedicated to fossil fuels (oil);
- Concessions worth $45 million to Gladstone Ports Corporation Limited, which we determine to be primarily dedicated to fossil fuels (various);
- Concessions worth $1.6 million to North Queensland Bulk Ports Corporation Limited, which we determine to be primarily dedicated to fossil fuels (various); and
- Concessions worth $6.9 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 at 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.[76]

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

[75] Queensland Government (2025) *Queensland Budget 2025-26 – Budget Strategy & Outlook | Budget Paper No. 2,* p 128

[76] Queensland Government (2025) *Queensland Budget 2025-26 – Budget Strategy & Outlook | Budget Paper No. 2,* p 128.

related to fossil fuels, as the description in the Concession Statement includes references to other users.[77]

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.

[77] Queensland Government (2025) *Queensland Budget 2025-26 – Budget Strategy & Outlook | Budget Paper No. 2*, p 148

Western Australia

Analysis of the most recent Western Australian (WA) Government budget papers suggests fossil fuel assistance measures of $397.9 million in 2025–26. Over the full budget projection period to 2028–29, the total assistance provided to fossil fuel industries is expected to be around $2.1 billion.

Given that WA is the nation's largest oil and gas producing state, the vast majority of the assistance—$271 million, or 68%—is directed to the oil and gas industry. This is down from 80% last year because of a significant increase in support for coal due to the government's spending on the Griffin Coal Financial Assistance Agreement. This agreement supports a private coal mine that supplies the Bluewaters coal-fired power station. Assistance is also directed to the remaining coal-fired electricity generating assets owned by Synergy, the WA Government-owned electricity supplier.

Most assistance provided by the WA government—$206.4 million or 52%—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. Forty-five per cent (45%)—worth some $179.8 million—is considered as being wholly aimed at supporting fossil fuels. The remaining 3%—worth $11.8 million—is classified as primarily targeted at fossil fuels.

Table 9 outlines the breakdown of the subsidies by fossil fuel and scope for 2025–26 and for total subsidies over the projection period.

Table 9: Western Australia fossil fuel assistance, by fuel and scope

	2025–26 expenditure ($)	Capital values/forward estimates ($)
Wholly	179,833,000	1,052,354,000
Primarily	11,750,000	32,400,000
Partly	206,352,000	1,041,028,000
Total	**397,935,000**	**2,125,782,000**
Coal	101,511,000	573,925,000
Gas	271,000,000	1,376,581,000
Various	25,424,000	175,276,000
Total	**397,935,000**	**2,125,782,000**

Source: Government of Western Australia (2025) Budget Papers

Subsidies and assistance measures are projected to be higher in 2025–26 than in 2024–25: the $397.9 million budgeted for 2025–26 is $107.5 million more than in 2024–25, an increase of 37%. This was largely driven by the Griffin Coal Financial Assistance Agreement.

GRIFFIN COAL FINANCIAL ASSISTANCE AGREEMENT

Griffin Coal has been operating near Collie, some 200 kilometres south of Perth, since the 1920s.[78] Both Griffin Coal and the nearby Bluewaters Power Station (Australia's newest coal-fired power station, commissioned in 2009) were once owned by controversial WA entrepreneur Ric Stowe and both have been in financial difficulty since Stowe's downfall around 2010.[79]

Bluewaters has the capacity to supply about 7% of the South-West electrical system and has been kept operating with various subsidies from the Western Australian Government for many years. Latest budget papers estimate that in 2025-26, the government will provide $93.2 million, with government media statements suggesting total assistance has reached $308 million.[80]

INVESTMENT ATTRACTION FUND

The WA Government's Investment Attraction Fund partially supports fossil industries by "prioritising identified projects and sectors for strategic development including… carbon capture, utilisation and storage".[81] 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;

[78] Griffin Coal (n.d.) *Our Business*, https://griffincoal.com.au/

[79] Bourke (2025) *Fears for WA's energy grid as Griffin Coal slides almost $1 billion further into debt*, https://www.abc.net.au/news/2025-07-07/griffin-coal-mine-debt-bluewaters-power/105492506; Mercer (2022) *Australia's newest coal plant Bluewaters strips fortunes amid rapid rise of renewable energy*, https://www.abc.net.au/news/2022-10-15/australias-newest-coal-plant-upended-by-renewable-energy/101520070; Kruger (2010) *Collapse snares Griffin Energy*, https://www.smh.com.au/business/collapse-snares-griffin-energy-20100221-onv2.html

[80] Vorath (2025) *WA says it's done pouring millions into failed coal mine, but can it build enough renewables?*, https://reneweconomy.com.au/wa-says-its-done-pouring-millions-into-failed-coal-mine-but-can-it-build-enough-renewables/

[81] WA Government (n.d) *Investment Attraction Fund,* https://www.investandtrade.wa.gov.au/opportunities/investment-attraction-fund

- $15 million to Future Energy Exports, an LNG exporter for an energy transformation hub;
- $11 million to Mitsui E&P Australia for the Cygnus CCS hub; and
- $2.4 million to Onslow Marine Support Base for optimisation of a gas marine base.

STRATEGIC INDUSTRIES FUND

The WA Government describes the Strategic Industries Fund's purpose as being to "deliver common-user and other enabling infrastructure at strategic industrial areas across regional and metropolitan WA."[82] 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. In addition, four of the six areas have some dealings with either gas, petroleum, or coal, and all these areas also target new CCS projects.[83] The fund spent $2 million in 2025–26.

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,[84] which is to receive $20 million in 2025–26. 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.[85] As such, this subsidy is treated as partially benefiting fossil fuels.

The budget papers, under a section titled 'industry development', also allocate $15.3 million to renewable hydrogen. 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

[82] WA Government (n.d.) *Strategic Industrial Areas – Western Australia*, https://siawa.com.au/

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

[84] WA Government (2025) *Western Australia State Budget 2025-26, Budget Paper 2, Vol 1*, p 236

[85] 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

hydrogen initiatives closely, along with the likelihood that they are evolving into explicit fossil fuel subsidies.

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 2025–26, the WA port authorities are expected to provide $181.5 million.

This type of assistance is classed as partly assisting fossil fuel industries since the aims of the identified projects are 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 is providing $58.7 million to the Dampier Bulk Handling Facility, a new facility that will be used by several industries, including "vessels supporting the offshore oil and gas industry."[86]

SYNERGY

There is also significant support for fossil fuels from the government-owned electricity producer, Synergy. In 2025–26, it is expected that $65.7 million will be spent supporting fossil fuels, both coal and gas, via various upgrades and maintenance projects to electricity-generating assets.

This includes $23.5 million for the gas turbine at the Cockburn Power Station, $24.6 million for the Pinjar Gas-fired Power Station, and $4.7 million for the Kwinana Gas-fired Power Station. Coal-fired generators also received funding, including $5.3 million for the Muja Power Station and $3 million for the Collie Power Station.

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

Northern Territory

The Northern Territory (NT) hosts onshore and offshore gas production operations and large liquefied natural gas (LNG) export terminals. Despite huge volumes of gas being exported from the Territory, the NT Government claims it is struggling to "keep the lights on" due to lack of gas.[87]

In our view, there are two reasons why the Territory may struggle to keep the lights on. First, the huge offshore gas projects are dedicated entirely to export, usually providing no gas to the Territory and paying no royalties or petroleum tax.[88] Second, despite being one of the sunniest places in the world, the Territory has the lowest level of renewable generation in Australia.[89]

Rather than negotiating with the LNG exporters or building renewable energy, the NT Government subsidises otherwise unviable gas projects. The Blacktip Project offshore from Wadeye has already been subsidised with billions of dollars' worth of purchase commitments and, more recently, the NT Government announced plans to purchase more gas from the controversial Beetaloo Basin.

Infrastructure provision is also substantial. Hundreds of millions of dollars have been spent on road construction focused on the gas industry—largely 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 10 below shows that the NT Government will provide $355 million in assistance to the oil and gas industry in the 2025-26 budget year, with $4 billion budgeted over the longer term.

[87] Garrick (2025) *Beetaloo Basin gas piped north to 'keep the lights on' in NT from 2026*, https://www.abc.net.au/news/2024-04-23/nt-beetaloo-basin-power-nt-generators/103757000

[88] Ogge et al (2024) *Australia's great gas giveaway: How Australia and the Northern Territory give gas to multinational corporations for free*, https://australiainstitute.org.au/wp-content/uploads/2024/08/P1451-Australias-great-gas-giveaway-NT.pdf

[89] DCCEEW (2025) *Australian electricity generation - fuel mix calendar year 2024*, https://www.energy.gov.au/energy-data/australian-energy-statistics/data-charts/australian-electricity-generation-fuel-mix-calendar-year-2024

Table 10: NT government 2025–26 fossil fuel subsidies

	2025–26 expenditure ($)	Capital values/forward estimates ($)
Wholly	103,583,000	3,103,575,000
Primarily	45,330,750	181,323,000
Partly	205,711,000	730,314,000
Total	**354,624,750**	**4,015,212,000**
Coal	-	-
Gas	354,624,750	4,015,212,000
Various	-	-
Total	**354,624,750**	**4,015,212,000**

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 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".[90]

The "success" of PWC's gas division is debatable. Its latest Statement of Corporate Intent states that gas services revenue for 2025-26 was $263.8 million while its costs reached $359.4 million, or net revenue of negative $95.6 million. This figure is included in Table 10 as the current year's assistance to fossil fuels via the PWC.[91]

This loss of nearly $100 million is worse than the gas services division's performance in recent years—net revenue was negative $21.1 million in 2023-24 and negative $10.7 million in 2022-23. The context of these losses is important. This was not a period of difficulty for most gas companies, quite the opposite. Following Russia's invasion of Ukraine in 2022 global energy prices have been high and most gas companies have made significant profits—earlier Australia Institute research estimated that gas exporters operating in Australia made $100 billion in windfall profits from 2022 to 2024.[92]

The corporation's loss is due to the failure of the Blacktip project off the coast of Wadeye, operated by Italian company Eni, to deliver the gas that PWC has a long-term commitment

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

[91] PWC (2025) *Statement of corporate intent 2025-26*, https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports

[92] Ogge et al (2025) *War gains: windfall profits on liquified natural gas exports, 2022-24*, https://australiainstitute.org.au/report/war-gains-windfall-profits-on-liquified-natural-gas-exports-2022-24/

to buy. The failure of Blacktip has forced PWC to buy gas from the LNG exporters in Darwin Harbour, presumably at significantly higher prices.[93]

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.[94]

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 initially built only to transport gas from the NT to Queensland; $18.9 million was spent in 2023–24 to enable the pipeline to flow in reverse, allowing PWC to buy gas back from the east coast market to cover future shortfalls from Blacktip. PWC has gas transport commitments worth $470 million,[95] much of which is contracted to the owners of the Northern Gas Pipeline. PWC likely has to pay for this pipeline agreement even if it does not have gas to sell.[96]

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 2025-26.

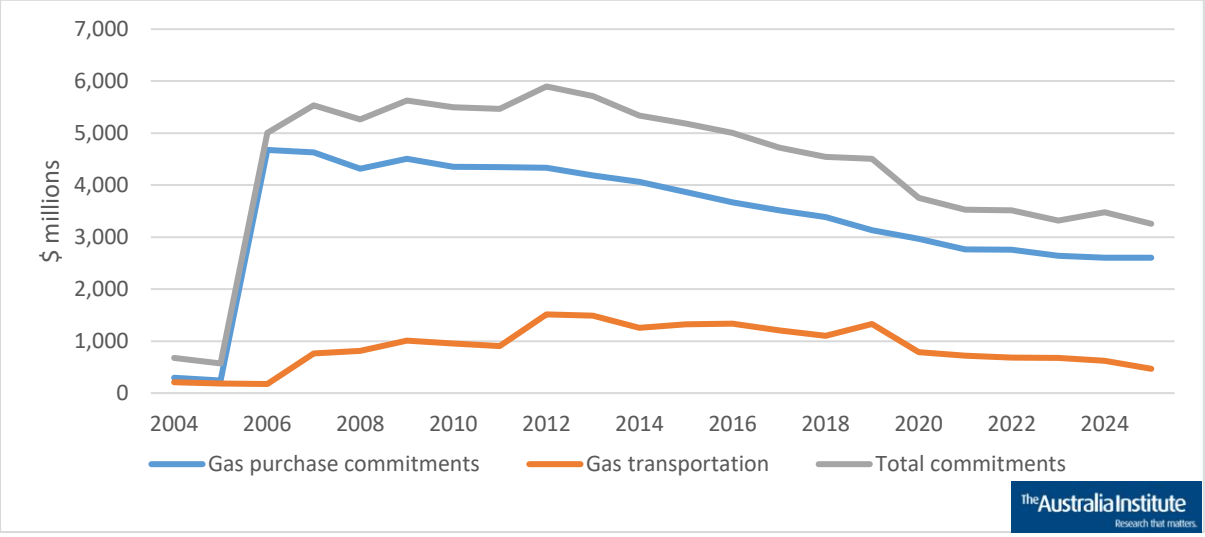
[93] Hislop (2025) *NT's 2030 renewable energy target in doubt as gas-fired power plant gets life extension*, https://www.abc.net.au/news/2025-03-03/nt-channel-island-gas-renewable-energy-target-solar-farms/104983372

[94] 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

[95] PWC (2025) *Statement of corporate intent 2025-26*, https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports

[96] 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

Figure 7: Power and Water Corporation gas commitments



Source: PWC annual reports

The data in Figure 7 does not appear to include the new agreements between the NT Government and controversial fracking company Tamboran, which commit the NT to purchasing gas from the Beetaloo Basin. These agreements include:

- Underwriting $75 million of a $180 million loan to Tamboran;[97]
- An offtake agreement for gas from Beetaloo pilot projects;[98] and
- A longer-term Beetaloo offtake agreement announced in 2024.[99]

These offtake agreements would likely 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 not only represents 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.

[97] Macdonald-Smith (2025) *Beetaloo gas to hit market in 2026, thanks to $75m NT guarantee*, https://www.afr.com/companies/energy/beetaloo-gas-to-hit-market-in-2026-thanks-to-75m-nt-guarantee-20250930-p5myxo;

[98] Tamboran (2025) *Tamboran Secures Northern Territory Government Approval for Beneficial Use of Gas From SS Pilot Project,* https://ir.tamboran.com/_assets/_2532cb6243fb0882d737258216cd85be/tamboran/news/2025-09-02_Tamboran_Secures_Northern_Territory_Government_29.pdf.

[99] 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;…[100]

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.[101]

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.[102] The Albanese government's October 2022 federal budget included $1.9 billion for the development of the Middle Arm "Sustainable Development Precinct". The original business case documents for the Precinct describe it as a "new gas demand centre",[103] but the NT government insists that it is "not a petrochemical

[100] PWC (2024) *Annual report*, p 54, https://www.powerwater.com.au/about/what-we-do/our-plans-and-values/past-corporate-reports

[101] Hislop (2025) *NT's 2030 renewable energy target in doubt as gas-fired power plant gets life extension*

[102] Federal Government (2022) *March Budget Paper 2*, p 133

[103] 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

plant".[104] 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.[105]

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."[106] This has been categorised as primarily a subsidy to the gas industry.

Darwin ship lift

The long-running Darwin Ship Lift Project, also known as the Ship Lift and Marine Industries (SLAMI) Complex became the subject of an Inquiry conducted by the Public Accounts Committee of the NT Legislative Assembly. In its final report, delivered in October 2025, the Committee noted the NT's Department of Trade, Business and Asian Relations' view that the project "will affect a wide range of maritime industries, including 'oil and gas, defence, and agriculture'".[107]

While the oil and gas industry is almost always mentioned in descriptions of the project, the studies commissioned by the NT Department of Logistics and Infrastructure for submission to the Committee model multiple usage scenarios, in which there are a wide range of estimates of the extent to which oil and gas related shipping would use the facility. The most favourable scenario—from the oil and gas industry's point of view—envisages offshore petroleum support being the second largest generator of facility revenue between 2021 and 2040, after fishing. The longer-term prognosis is less optimistic—even the "High case" scenario puts the oil and gas contribution to revenue over the projected 40-year operation period at 7%, while under the "Low case" scenario it falls to 1%. Future editions of this report will monitor available data and assess whether the Ship Lift provides significant assistance to the oil and gas industry and warrants ongoing inclusion as a fossil fuel subsidy.

[104] 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/

[105] 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

[106] NT Government (2024) *Budget Paper 3,* p 77

[107] Legislative Assembly of NT (2025) *Darwin Ship Lift Project*, https://parliament.nt.gov.au/committees/list/public-accounts-committee/Darwin-Ship-Lift-Project

Regardless of which industries end up receiving the most assistance from the ship lift, the NT Government's funding of the project has expanded well beyond initial estimates. According to the Inquiry's report:

> The Ship Lift and Marine Industries Complex (SLAMI Complex) was first announced in 2015. What began as a $100 million commitment has now escalated to an $820 million project, with completion expected by 1 March 2027.

Table 9 above includes $520 million as the total NT Government cost of the project, allowing for $300 million of Commonwealth funding via NAIF. Latest budget papers suggest the NT Government will spend $141 million on the project in 2025-26.

Gas roads

Since the Morrison Government, NT and Commonwealth governments have collaborated to subsidise onshore gas by funding gas industry-specific road upgrades. Latest NT budget paper estimates put the total cost of gas industry road projects at $181.3 million, with approximately $45 million being spent in the current budget year.[108] This is jointly funded by the Commonwealth, but no breakdown of funding is provided by either government. The entire cost has been included in the Northern Territory estimates, and omitted from the Commonwealth section to prevent double-counting.

PORT AND INDUSTRIAL PRECINCT DEVELOPMENTS

The construction of the Darwin ship lift is being accompanied by the development of a wider "Marine Industry Park", partly because Darwin is "adjacent to major onshore gas developments and offshore supply bases".[109] The Park is described by the NT Government's Land Development Corporation as "provid[ing] a unique opportunity to capitalise on Darwin's expanding gas, marine services and defence industries." The Park is budgeted to receive $20 million in this budget, largely via the Land Development Corporation. The Middle Arm Sustainable Development Precinct will also receive $17.4 million this budget, including $2.8 million for "detailed design, business case development and preliminary works".[110]

[108] NT Treasury (2025) *Budget Paper 4* pp 21-22.

[109] Land Development Corporation (2023) *Marine Industry Park*, https://landdevcorp.com.au/project/marine-industry-park/

[110] NT Government (2025) *Budget Paper 4*, p 20.

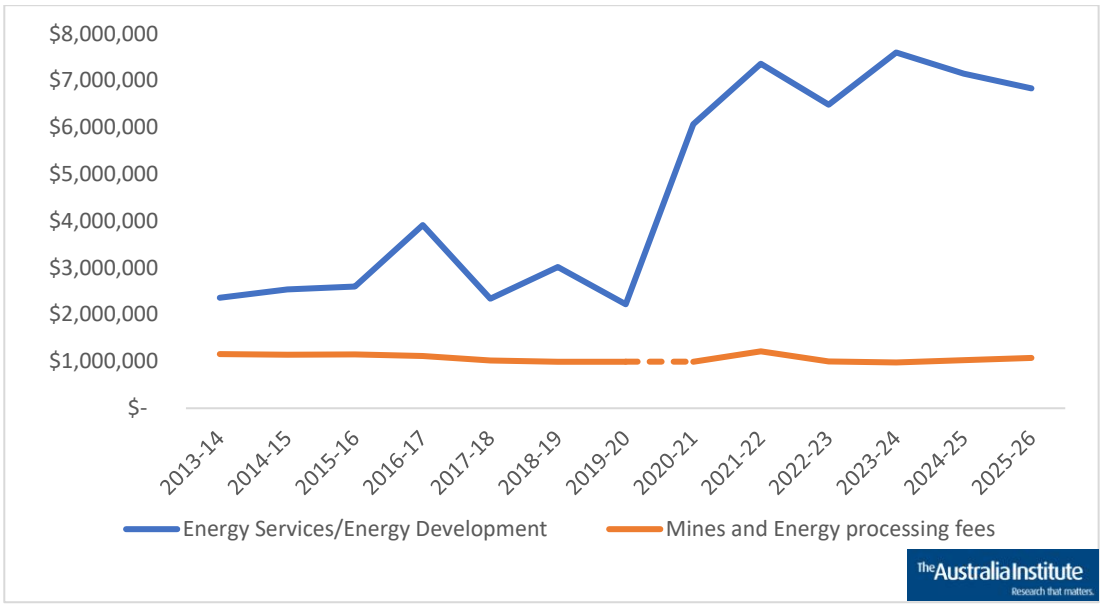
MINES AND ENERGY

The Department of Mines and Energy (formerly Department of Industry, Tourism and Trade) operates several programs that subsidise the gas industry. The Energy Development program, for example, works to "Advance projects for energy security through provision of strategic advice, policy development and regulation," particularly under the petroleum and pipeline legislation.[111]

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 10 includes this estimated $5.8 million gap in cost recovery as an annual, wholly dedicated subsidy to the 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



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 2025-26. Only a fraction of this revenue is likely to come from the gas industry; the majority is likely to come from the mining industry.

[111] NT Government (2025) *Budget Paper 3*, p 78.

Other items included in Table 10 from the Department of Mines and Energy Budget are a Beetaloo Project Management Office, which aims to "Advance and accelerate industry and investment confidence in onshore gas development in the Beetaloo" ($1.7 million) and an item to "accelerate hydrogen industry development" ($0.5 million).[112]

[112] NT Government (2025) *Budget Paper 3*, p 78.

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 11.

Table 11: Victorian government 2025–26 fossil fuel subsidies

	2025–26 expenditure ($)	Capital values/forward estimates ($)
Wholly	7,000,000	47,100,000
Primarily	-	-
Partly	53,700,000	214,800,000
Total	**60,700,000**	**261,900,000**
Coal	7,000,000	47,100,000
Gas	-	-
Various	53,700,000	214,800,000
Total	**60,700,000**	**261,900,000**

Source: Victoria State Government (2025) *Budget Papers 2025-26*; Federal Financial Relations (2023) *CarbonNet Stage 3*

CARBONNET

CarbonNet is a carbon capture and storage network project in Gippsland that plans to build a 100 km CO_2 pipeline from the Latrobe Valley to the Gippsland Basin.[113] 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 CO_2 are all located within a 15 km

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

radius … [the site] offers an opportunity for shared infrastructure and a multi-user CCS network".[114]

CarbonNet claims that it will have the capacity to store six million tonnes (Mt) of CO_2 each year for 30 years.[115] 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 CO_2-equivalent, representing 50% of Victoria's total greenhouse gas emissions.[116]

CarbonNet has remained non-operational for over a decade. The project's latest quarterly newsletter mentions no progress on development, focussing only on the Project Director's trip to the Osaka Expo 2025.[117] The Federal Funding Agreement between the Victorian and Federal governments shows that Federal and State funding will end in 2025–26.[118]

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 $7 million in 2025–26.

A separate coal-to-hydrogen project, the Hydrogen Energy Supply Chain Project, proposed by a Japanese consortium led by Kawasaki Heavy Industries, was often considered symbiotic with the CarbonNet project. This project appears to have folded, with any further stages to be carried out in Japan.

RESOURCES OUTPUTS

"Resources Outputs" is part of the Victorian government's Department of Energy, Environment and Climate Change. Resources Outputs is an ongoing program with $53.7 million budgeted in 2025–26, a figure considered as being dedicated partly to fossil fuels.[119]

[114] 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

[115] DJSIR (2024) *About the CarbonNet Project*

[116] 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

[117] CarbonNet (2025) *CarbonNet Project Update Q4 2025*, received via email

[118] Federal Financial Relations (2023) *CarbonNet Stage 3*, https://federalfinancialrelations.gov.au/agreements/carbonnet-stage-3

[119] Victoria State Government (2025) *Budget Papers 2025-26, BP3,* p 116, https://s3.ap-southeast-2.amazonaws.com/vicbudgetfiles2025.26budgetvic/2025-26+State+Budget+-+Service+Delivery.pdf

Resources Outputs is likely to provide a small benefit to Victoria's petroleum exploration activities. On issue are 11 onshore production licenses and eight exploration permits.[120] Exploration activities continue in the offshore and state waters of the Otway Basin[121] and the offshore federal waters of the Otway Basin.[122]

The program is also likely to provide considerable funding to non-fossil fuel areas. On balance, they have been included in the Victorian fossil fuel subsidies. It was classified as partly dedicated to various fossil fuels.

[120] Resources Victoria (n.d.) *Resources Victoria Annual Statistical Report: FY 2024–25*, p 25, https://resources.vic.gov.au/__data/assets/pdf_file/0007/1174975/Annual-statistical-report-2024-2025.pdf

[121] Australia Institute (2025) *Gas drilling off Great Ocean Road dangerous and unnecessary*, https://australiainstitute.org.au/post/gas-drilling-off-great-ocean-road-dangerous-and-unnecessary/

[122] Department of Industry (2025) *2025 Otway Offshore Petroleum Exploration Acreage Release | Department of Industry, Science and Resources*, https://www.industry.gov.au/publications/2025-otway-offshore-petroleum-exploration-acreage-release

South Australia

South Australia (SA) has long been a leader in renewable energy generation and has a commitment to achieving 100% renewable electricity by 2030. In 2023-24, 73% of the state's electricity generation came from renewable sources.[123]

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.[124] By comparison, the state's 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."[125]

Table 12 shows that the SA Government will provide $8.9 million in assistance to the oil and gas industry in the 2025-26 budget year, with $79 million budgeted over the longer term.

Table 12: Government of South Australia 2025–26 fossil fuel subsidies

SA budget fossil fuel assistance	2025–26 expenditure ($)	Capital values/forward estimates ($)
Wholly	8,851,000	78,940,000
Primarily	-	-
Partly	-	-
Total	**8,851,000**	**78,940,000**
Coal	1,764,000	1,764,000
Gas/oil	7,087,000	77,176,000
Various	-	-
Total	**8,851,000**	**78,940,000**

Source: Government of South Australia (2025) *Budget Papers 2025–26*

[123] Australian Government (2025) *Australian Energy Update 2025, Table O*, https://www.energy.gov.au/publications/australian-energy-update-2025

[124] 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,Mead%20into%20the%20top%2010

[125] Kurmelovs (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

SA GAS INITIATIVE GRANT SCHEME

In October 2025, the SA Government announced a $17.5 million fund to "accelerate investment in a portfolio of gas projects in South Australia". Grant funding is open for exploration, efficiency enhancing technologies, storage facilities and infrastructure that will increase gas supply "or improve deliverability".[126]

The reference to deliverability may refer to the Outer Harbour LNG import terminal proposed for Port Adelaide. The proposal to import gas into SA apparently has all relevant approvals and a designation as "critical infrastructure".[127]

The 2025 Gas Initiative Grant Scheme was announced after the 2025-26 budget, so precise figures are not available, and no amount has been included in Table 12 above. The 2026-27 Budget will likely include this data.

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 is now expected to be completed in June 2027; government expenditure on the project in 2025–26 was $7.1 million.

The refurbishment project has suffered from delays and cost overruns. When work commenced in 2022, the project's cost was estimated at $33 million, and completion was scheduled for 2024.[128] Last year, with the project still incomplete, the estimated cost had risen to $79 million.

Leigh Creek Coalfield

The Leigh Creek coalfield was mined by Alinta Energy to supply the Port Augusta coal fired power station. Both the coal mine and the power station have been shut down, in late 2015

[126] Government of South Australia (2025) *2025 SA Gas Initiative Grant Scheme*, https://www.energymining.sa.gov.au/industry/energy-resources/industry-activity/2025-sa-gas-initiative-grant-scheme

[127] Alumit (2024) *World's first renewable-powered floating LNG import terminal closing in on new partners amid 'strong' interest*, https://energynewsbeat.co/worlds-first-renewable-powered-floating-lng-import-terminal-closing-in-on-new-partners-amid-strong-interest/

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

and early 2016 respectively.[129] Following the closure, rehabilitation of the site was conducted by Flinders Power Partnership, with the bulk of the work completed by the end of 2018.

The SA Government took over management of the site on 1 January 2024 at the end of a five-year period of monitoring and maintenance. This period was supposed to ensure the effectiveness of rehabilitation works. However, despite the site supposedly being rehabilitated, spontaneous combustion still occurs there, and the SA Government's Department of Energy and Mining describes it as "a large and potentially hazardous site with steep pit walls, spontaneous combustion, and unstable ground conditions presenting extreme risks if accessed by people lacking the appropriate induction and training."[130]

The government has allocated $1.8 million for 2025-26 to continue to reduce the public safety risk at the site and manage the environmental challenges. This has been classified as a fossil fuel subsidy and allocated as wholly dedicated to coal.

The separate Neurizer coal gasification project, formerly known as Leigh Creek Energy, appears to have ceased operations with several stock market reporting requirements outstanding and no news posted to its website since early 2024.[131]

Hydrogen

In previous years, South Australia has had several hydrogen projects, including for its manufacture and export. Some of them have not been classified as fossil fuel subsidies since they appeared to only include green hydrogen. Others, like the Port Bonython Hydrogen Project, were included as they included hydrogen created from fossil fuels.

Last year, the South Australian Government decided to terminate all hydrogen projects, including the Office of Hydrogen Power. As such, this year, there are no fossil fuel subsidies associated with hydrogen.

[129] Government of South Australia (2024) *Leigh Creek Coal Mine*, https://www.energymining.sa.gov.au/industry/minerals-and-mining/mining/former-mines/leigh-creek-coal-mine

[130] Government of South Australia (2024) *Leigh Creek Coal Mine*.

[131] Neurizer (n.d) *News*, https://neurizer.com.au/news/. See also ASX (2025) *Market announcement: Suspended entities*, https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02968116-2A1608782&v=4a466cc3f899e00730cfbfcd5ab8940c41f474b6

New South Wales

New South Wales (NSW) is a major coal mining jurisdiction, with 37 operating coal mines producing 240 million tonnes of raw coal per year.[132] The state is not currently a significant gas producer, but the controversial Narrabri Gas Project could significantly increase production.

In 2025–26, the NSW government spent approximately $10.6 million on fossil fuel subsidies, with total forward budgeted assistance estimated at $277.3 million, as showed in Table 13 below.

Table 13: NSW government 2025–26 fossil fuel subsidies

NSW budget fossil fuel assistance	2025–26 Expenditure ($)	Capital value/forward estimates ($)
Coal	4,638,000	263,627,000
Gas	-	-
Various	6,026,000	13,700,000
Total	**10,664,000**	**277,327,000**
Wholly	1,131,000	249,599,000
Primarily	-	-
Partly	9,533,000	27,728,000
Total	**10,664,000**	**277,327,000**

Source: NSW Government (2025) *Budget Papers*

The estimate of fossil fuel subsidies for 2025–26 in Table 13 is a slight increase from $10.3 million budgeted in 2024–25. The total value of projects and forward estimates has decreased from $492 million in 2024–25 to $277 million in 2025–26. This was primarily driven by the NSW Government's agreement with Origin Energy to keep the Eraring Power Station open with Origin declining to take up the funding for the first year of the two-year agreement.

[132] Coal Services (2025) *Statistics*, https://www.coalservices.com.au/

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 in 2024 signed an agreement with the NSW Government to push back the closure date to August 2027.[133]

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. Origin declined to be covered by the agreement in 2025-26 because they believed, correctly, that Eraring Power Station would be profitable in that year.

The agreement now only has one year, 2026-27, when it might be in use. This has reduced the potential liability for the NSW Government to $225 million. This 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.

In January 2026 Origin announced that it would extend the life of the Eraring Power Station for another two years with the closure date now expected to be April 2029.[134] There was no announcement that this extension would be covered by any new deal with the NSW Government. We are therefore assuming that the current deal will expire at the end of 2026-27. If a new deal is struck, we will include this in future fossil fuel subsidy reports.

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

[133] 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

[134] Origin (2026) Origin extends Eraring Power Station operations to 2029, https://www.originenergy.com.au/about/investors-media/origin-extends-eraring-power-station-operations-to-2029/

responsible development of mineral and petroleum resources".[135] 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)".[136] In 2025, this fund spent a total $6 million with a closing balance of $13.7 million.[137] This is categorised as partly assisting the fossil fuel industry.

- MEG is also responsible for the Minerals and Petroleum Administration Fund that spent $3.5 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".[138] This fund spent $1.1 million in 2024–25 (the most recent data available) and had a closing balance of $24.6 million.[139] This fund is considered wholly attributable to the coal industry.

[135] The NSW Government (2025) *Department of Regional NSW Annual Report 2024-2025*, p 26, https://www.nsw.gov.au/sites/default/files/noindex/2025-11/dpird-annual-report-2024-25.pdf

[136] The NSW Government (2025) *Department of Regional NSW Annual Report 2024-2025*, p 19, https://www.nsw.gov.au/sites/default/files/noindex/2025-11/dpird-annual-report-2024-25.pdf

[137] The NSW Government (2025) *Department of Regional NSW Annual Report 2024-2025*, p 31, https://www.nsw.gov.au/sites/default/files/noindex/2025-11/dpird-annual-report-2024-25.pdf

[138] The NSW Government (2025) *Coal Innovation Fund annual report 2024-25*, p 7, https://www.parliament.nsw.gov.au/tp/files/192738/Attachment%20A%20%20Coal%20Innovation%20NSW%20Fund%20annual%20report%202024-25.PDF

[139] The NSW Government (2025) *Coal Innovation Fund annual report 2024-25*, p 15, https://www.parliament.nsw.gov.au/tp/files/192738/Attachment%20A%20%20Coal%20Innovation%20NSW%20Fund%20annual%20report%202024-25.PDF

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,[140] and has a legislated target to generate 200% of 2022 electricity consumption by 2040.[141] These achievements are enabled by Tasmania's long-established, and often controversial, hydroelectricity scheme, and more recent contributions from onshore wind generation.

Tasmania does produce and use some fossil fuels.[142] The gas-fired Tamar Valley Power Station contributed 2.7% of Tasmanian power generated in 2024–25, down from 4.8% in 2023–24.[143] The fall was due to an increase in wind generation. 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.[144]

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".[145] Mineral Resources was allocated $11 million in 2025–26, and $39.2 million over 4 years.[146] 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.

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

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

[142] Department of Climate Change, Energy, the Environment and Water (2025) *Australian Energy Update 2025*, https://www.energy.gov.au/publications/australian-energy-update-2025

[143] Tasmanian Economic Regulator (2025) *Energy in Tasmania: Annual Security Review 2024-25 Water Year*, p11, https://www.economicregulator.tas.gov.au/about-us/energy-security-monitor-and-assessor/annual-energy-security-review.

[144] Department of Climate Change, Energy, the Environment and Water (2025) *Australian Energy Update 2025: 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-2025

[145] Tasmanian Government (2025) *Budget Paper 2, Volume 1*, https://www.treasury.tas.gov.au/budget-and-financial-management/2025-26-tasmanian-budget, p 260.

[146] Tasmanian Government (2025) *Budget Paper 2, Volume 1*, p 253.

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.[147] 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.[148] The proposed project was referred for EPBC Act approval in November 2022, but has not progressed beyond the referral decision stage at present.[149]

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

[148] Barnes and McCoull (2022) *The Cornwall Coal Company Pty Ltd, Blackwood 1 Redevelopment, Blackwood Colliery, Cornwall Project Description*, p 2.

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

Australian Capital Territory

The Australian Capital Territory (ACT) does not produce any coal, gas or oil, nor is it home to any major consumers of fossil fuel. Its 2025–26 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.[150]

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.[151] The government further aims to phase out gas in favour of electrification by 2045 at the latest.[152]

The 2025–26 ACT budget will undertake a range of new measures that aim to further reduce emissions. These include:

- Continuing the Sustainable Household Scheme, helping ACT residents to electrify their homes;
- Further rollout of charging infrastructure for the government's commercial EV fleet;
- Continue electrifying Canberra's bus fleet with the purchase of 30 additional battery electric buses;
- Further projects to replace gas assets with electric technology in Government-owned buildings; and
- ACT vehicle registration system will transition from a weight-based model to an emissions-based model.

[150] ACT Government (2025) *Budget Outlook, p 96*, https://www.treasury.act.gov.au/budget/budget-2025-26/budget-papers-and-statements

[151] 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

[152] ACT Government (2023) *Canberra's plan to transition,* https://energy.act.gov.au/

Conclusion

The 2020s have often been described as a critical decade for phasing out fossil fuels, yet Australia continues to subsidise them.

This imposes a significant financial cost on government budgets. The increase in overall subsidies from $14.9 billion in 2024-25 to $16.3 billion in 2025-26 represents an increase of 9.4%.

Such rapid growth in government expenses usually attracts criticism from economic commentators. For example, rarely a week goes by without comment on the "soaring" or "surging" cost of the National Disability Insurance Scheme (NDIS) that helps hundreds of thousands of people with disability.[153]

Yet the cost of the NDIS increased by 7.6%, from $47.2 billion to $50.8 billion in the last year. While the overall cost of the NDIS is greater, it is the rate of its growth that often attracts criticism, criticism rarely directed at fossil fuel subsidies.

Fiscal costs are just one impact of fossil fuel subsidies. The other is, of course, exacerbating climate change. This report was largely written while bushfires were burning in several states. 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. With a diverse and influential range of stakeholders now pushing for reform, hopefully the next edition of this report will find a reduction in the cost of Australia's fossil fuel subsidies.

[153] See for example Smith (2025) *Thousands still flocking to NDIS as costs soar*, https://www.afr.com/companies/healthcare-and-fitness/thousands-still-flocking-to-ndis-as-costs-soar-20251117-p5nfwe