

Australia

G20 coal subsidies



Australia remains one of few OECD countries **promoting investment** in new domestic coal-fired power

Coal and Australia's economy

US\$47,302



GDP per capita, PPP
(2016–2017 average)

163



2016 imports
(kilotonne oil equivalent)

252,015



2016 exports
(kilotonne oil equivalent)

64%



Share in power mix
(by generation)

Key findings

- Support for coal mining and coal-fired power production is a recurring theme in statements from Australia's government.
- Australia remains one of very few Organisation for Economic Co-operation and Development member states promoting investment in new domestic coal-fired power production and expanding both thermal and coking coal mining for export.

Prominence of fossil fuels and subsidy phase-out commitments

- Despite strong government support for coal mining and coal-fired power, no new coal-fired plant has been commissioned in Australia in almost a decade and 10 coal-fired plants have closed in the past eight years.
- Over this period, Australia has installed over 17 gigawatts (GW) of renewable electricity capacity (Quong, 2019), largely driven by market forces rather than by government policy to transition away from coal.
- Australia still obtains 85% of its electricity from fossil fuels, with coal alone accounting for 64% (IEA, 2019).
- As a member of the G20, Australia has committed to the phase out of inefficient fossil fuel subsidies over the medium term, as agreed in 2009 (G20, 2009). As a signatory of the Convention on Biological Diversity (Aichi Target 3), it has also committed to phasing out environmentally harmful subsidies, including those to fossil fuels, by 2020 (UN, 1992). But the government continues to provide significant support towards the production and consumption of all fossil fuels and fossil fuel-powered electricity.

Government support to coal production

- The Australian government has long considered providing fiscal support to Adani Carmichael coal mine, which is approved for peak capacity of tens of millions of tonnes of coal per year. This would make it one of the world's largest thermal coal export mines, as well as creating supporting infrastructure that could enable another eight mega-thermal coal mines currently stranded in the remote Galilee Basin.
- Though the government had considered an AU\$1 billion (US\$0.7 billion) loan to support the Adani Carmichael coal mine from the Northern Australia Infrastructure Facility, public pressure elevated the potential government loan into a regional election issue, and no loan was issued (Ludlow, 2018).
- The government is now exploring the possibility of supporting the Adani Carmichael mine through the Export and Finance Insurance Corporation, Australia's export credit agency.
- A seven-year royalty holiday worth up to AU\$700 million (US\$500 million) has also been proposed. This effort to further support the project is also meeting with opposition (Market Forces, 2018).

Government support to coal-fired power production

- The Australian government is currently considering financial support for new coal-fired power plants through its Underwriting New Generation Investments programme (Coorey, 2019a), and in March 2019 announced a decision to consider underwriting a new coal-fired power plant in North Queensland (Coorey, 2019b).

Government support to coal and coal-fired power consumption

- Australia's electricity prices are among the highest in the world. Subnational subsidies that benefit coal-fired power consumers, primarily at household level, make up most government support for coal consumption in Australia (Peel et al., 2014). The analysis for this report estimates that support for consumption of coal-fired power is at least AU\$1,112 million (US\$805 million) per year (2016–2017 average).
- Australia also continues with a diesel fuel rebate to the mining and agricultural sectors. The thermal coal mining sector receives an estimated AU\$1 billion (US\$0.7 billion) annual subsidy from this rebate, reflecting the large scale of open cast coal mining (Walters, 2016; Buckley, 2019).

Australia's government support to coal and coal-fired power production and consumption

AU\$ millions, 2016–2017 annual average

Instrument	Coal production ⁱ	Coal-fired power	Coal consumption ⁱⁱ	Transition support ⁱⁱⁱ
Fiscal support	19	none identified	1,112	0.06
Public finance	0.06	none identified	none identified	none identified
Domestic	none identified	–	–	–
International	0.06	–	–	–
State-owned enterprise investment	none identified	none identified	none identified	none identified

Note: for more detail and sources see the Australia data sheet available at odi.org/g20-coal-subsidies/australia.

ⁱ This category includes support for coal exploration, mining, processing and transportation.

ⁱⁱ This category includes support for consumption of coal-fired power, and of coal other than for its use for coal-fired power generation (or for co-generation of power and heat).

ⁱⁱⁱ This category includes support for closing down mining sites, and for workers and communities in their transition away from coal and coal-fired power.

Government support to the transition away from coal and coal-fired power

- The Australian government continues to voice strong support for the coal mining and coal-fired power industries. In 2017, the current Prime Minister (then Treasurer) of Australia brought a piece of coal onto the floor of Parliament to promote its use (Climate Council, 2019).
- No government support to transition away from coal or coal-fired power was identified.

References

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- Erratum: This study was updated in September 2019 to amend the diesel fuel rebate to the thermal coal mining sector from AU\$2 billion to AU\$1 billion. The overall data findings are not affected by this change as this figure was not included in the totals.



This country study is one in an 18-part series. The country findings are collated in the summary report, which you can find at odi.org/g20-coal-subsidies along with full references, acknowledgements and further information about methodology and data sources.

Unreferenced information in this summary is from the analysis conducted for this report, available in the Australia data sheet at odi.org/g20-coal-subsidies/australia.

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