Australia

Summary

Australia has increased its overall support to fossil fuels by 30% relative to 2014–2016 and continues to provide large tax exemptions and credits for fossil fuel producers and users.

BIGGEST RED FLAG → Australia's fossil fuel companies currently benefit from significant tax breaks through the Petroleum Resource Rent Tax (PRRT) and fuel tax credits, among other measures. Recent reforms have done little to decrease these subsidies. In 2017–18, nine of the 10 largest fossil fuel producers in Australia paid no corporate income tax (Market Forces, 2020). Under the current PRRT arrangements, existing and potential new liquefied natural gas projects are not expected to pay any tax for decades (Campbell, 2019).

PROGRESS → Australia has moved in the wrong direction, having increased its support to fossil fuels relative to the 2014–2016 average by 30%, predominantly through tax exemptions and credits on fossil fuel use.

Overall ranking and score *(out of 11 countries)*	6th	52/100
1. Transparency	**7th** / Poor	**$7.7 billion** total government support to fossil fuels, 2017–2019 average, USD ($1.2 billion direct transfers, $6.5 billion tax expenditure, $5 million public finance)
2. Pledges and commitments	**5th** / Mediocre	
3. Scale of support for coal exploration, production, processing, and transportation	**5th** / Low	**$6 million** of support to coal exploration, production, processing, and transportation
4. Scale of support for oil and gas exploration, production, refining, and transportation	**1st** / Low	**$7 million** of support to oil and gas exploration, production, refining, and transportation
5. Scale of support for fossil fuel power	**1st** / Very low	**$309 million** of support to fossil fuel-based power
6. Scale of support for fossil fuel use	**11th** / Very high	**$7.5 billion** of support to fossil fuel use
7. Progress in ending support for fossil fuels	**6th** / Poor	**30% increase** in total government support for fossil fuels relative to 2014–2016 average

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD ($) and are annual averages based on the following sources:

- *For direct transfers and tax expenditure: Organisation for Economic Cooperation and Development (2020) data, 2017–2019 averages*
- *For induced transfers: International Energy Agency (2020) data, 2017–2019 averages.*
- *For public finance: data collected from several sources, 2017–2018 averages (Oil Change International, 2020)*
- *For state-owned enterprise investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages.*

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MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT → A lack of transparency in the "underwriting new generation investment" (UNGI) program introduced in 2018 supports gas, hydro, and coal power through government-issued guarantees (Schuijers, 2020). There is also significant tax avoidance by fossil fuel majors through tax havens; subsidies for gas exploration, both federally and in the Northern Territory (directly and through infrastructure provisioning); and a diesel fuel subsidy for mining (Campbell, 2020).

COVID-19 GOVERNMENT SUPPORT → The Australian government has provided USD 469 million as part of its Aviation Industry Relief Package that will refund and waive the aviation fuel excise tax, air service charges, and domestic and regional aviation security charges (International Institute for Sustainable Development et al., 2020).

TRANSPARENCY & PEER REVIEWS → Australia has not yet committed to a peer review as part of the G20 pledge to phase out fossil fuel subsidies.

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