

Federal Budget Fossil Fuel and Renewable Energy Subsidies 2007-2008 Budget

These numbers were compiled by GetUp with the assistance of several researchers and academics. Recognising the difficulty of extracting concrete numbers from budget documents, these figures are correct, to the best of our knowledge, as at 31 March 2008.

Company Cars Tax Concessions - \$1100 million¹

In 2007, the federal Government spent \$1100 million in subsidies for company cars in the commercial sector. In other countries, governments have worked with companies to provide low-carbon transport options for employees such as providing employees with access to company bicycles, monthly public transport passes and financial assistance to convert employee vehicles to LPG.

Aeroplane Fuel Tax Concessions - \$830 million²

Aviation fuel is subject to a lower rate of excise than the benchmark rate for the transport industry. Aviation fuel is currently excised at 2.854 cents per litre, much less than fuel for other purposes. The Aviation industry is one of the worst greenhouse polluting industries, and is expanding rapidly. Emissions from aircraft are especially problematic because of the height at which they are emitted and the particularly noxious mix of gases, making them 2.7 times more damaging than the effect of their carbon dioxide alone (known as radiative forcing)³. Corporate air travel is a large contributing factor to aviation emissions and could easily be replaced by greater use of distance collaboration via the Internet and video conferencing.

Mining and oil refinery subsidies - \$815 million

Subsidies to mining and oil refinery sectors include \$300 million for diesel for mining companies⁴, subsidies to the mining industry of \$257⁵ and condensate fuel tax concessions at \$250 million⁶.

Automotive industry subsidies and concessions - \$1590 million

The car industry receives an enormous amount of federal subsidies, including \$990 for tax concessions for vehicle LPG/CNG⁷, and automotive industry subsidies of \$600 million⁸. The latest detailed estimate for industry assistance for the automotive industry was published by the Productivity Commission (2007) but only covered data up to 2005. The latest figure was \$657.4 million, so \$600 million is a conservative estimate.

¹ Tax Expenditure Statement 2006, Trade and Assistance Review 2005-06.

² Ibid.

³ Tyndall Centre for Climate Change Research (UK).

⁴ Julien Gronbach, Climate and Energy Campaigner, Greenpeace Australia-Pacific.

⁵ Tax Expenditure Statement 2006, Trade and Assistance Review 2005-06.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

Public transport – less than \$100 million

We estimate that federal government support for public transport under Howard was less than \$100 million per year under Howard. The federal government invested only in small initiatives, such as those under the Greenhouse Gas Abatement Program: Program to Reduce Car Reliance (\$6.4 million) and the WA Travel Smart Project (3 million)⁹. In comparison \$19 billion was allocated for Auslink in 2007 including \$300 million for roads. Most public transport funding comes from State governments; it is not strictly the federal government's responsibility. However the federal government can – and must – take a leadership role in funding public transport, the same way they do on roads. 22.3 billion will be provided over the five years from 2009-10 for Australia's road and rail infrastructure, including \$16.8 billion for the national network¹⁰. Public Transport advocates, such as The Public Transport Users Association (PTUA) criticized the 2007 Federal Budget for bypassing any funding for the development of sustainable means of Public Transport.

Solar – approx. \$200 million

We estimate the solar industry received around \$200 million in federal support, including the Solar Systems Australia's Large Scale Solar Concentrator, a solar photovoltaic power station using concentrated sunlight (\$75 million)¹¹. The solar industry was boosted by some of the funds from the Mandatory Renewable Energy Target policy, which cost 31.3 million in 2005-06¹². The federal government allocated \$30 million per annum for solar panels in the previous budget. That is, at \$8,000 per roof, only 3,750 roofs per annum will be fitted with panels. At this rate it would take 2,000 years to converting every Australian to mini-solar power stations¹³.

Wind – approx. \$0

Whilst the wind industry was boosted by the MRET (see 'solar' above), we could not find any direct federal funding to support the wind industry in the previous budget.

Energy efficiency – less than \$100 million

We estimate that government spending on energy efficiency in the last budget was under 100 million. The previous federal budget contained \$52 million to encourage GHG 'action' in households and small businesses¹⁴. This provided negligible action on energy efficiency, and highlights energy efficient kettles and toasters while doing nothing to increase the energy productivity of the 250 largest energy users in Australia¹⁵.

⁹ Chris Riedy, *Energy and Transport Subsidies in Australia: 2007 Update* (2007) Institute for Sustainable Futures, Sydney at 25.

¹⁰ Federal Treasury, *Budget at a Glance* (2007) at http://www.budget.gov.au/2007-08/at_a_glance/html/at_a_glance.htm#land_transport.

¹¹ Chris Riedy, *Energy and Transport Subsidies in Australia: 2007 Update* (2007) Institute for Sustainable Futures, Sydney at 16.

¹² *Ibid* at 23.

¹³ Australian Greens, 29/3/2007.

¹⁴ *Ibid*.

¹⁵ *Ibid*.