# Request for budget analysis

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| Legacy of ongoing Morrison Government fossil fuel handouts | | |
| Person/party requesting the analysis: | Mr Adam Bandt MP, Australian Greens | |
| Date analysis completed: | 25 August 2022 | |
| Expiry date of the analysis: | Release of the next economic and fiscal outlook report. | |
| Status at time of request: | Submitted outside the caretaker period | |
| ~~Confidential~~ (Public release requested on 20 September 2022) | Not confidential |
| Summary of request:  The request sought the total amount that is uncommitted and uncontracted (and can therefore be reclaimed) from a number of fossil fuel‑related projects announced between November 2018 and March 2022.  Attachment B provides details on the projects or announcements that are covered in this response. | | |

## Overview

The projects provided at Attachment A are administered within the Department of Industry, Science and Resources; the Department of Climate Change, Energy, the Environment and Water; and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

## Methodology

Some requested projects were identified to be duplicative or needing adjustment. The funding amounts were consolidated, and comments are provided, so that the overall total represents the total financial budget impact. Please note that not all projects are fossil-fuel specific.

The disaggregated funding for Table A1 shows the fiscal and underlying cash balances and indicates whether funding is committed or uncommitted. Committed funding has been interpreted very narrowly as those funds that cannot be reclaimed because the funds are contractually committed. Uncommitted funding has been interpreted as uncontracted and/or uncommitted. Funds that are uncontracted have been committed and allocated but have not had any contracts signed.

The disaggregated funding for Table A2 shows the headline cash balance and differs in scope by only the inclusion of the $600 million for the fully contracted gas fired power station at Kurri Kurri. The disaggregated funding shown in this table is more detailed and provides the totals per project to indicate how the announced totals align with the funding profile. The type of funding is split between contractually committed (and can therefore not be reclaimed), uncontracted or uncommitted categories, as well as administered and departmental funding.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts was not able to provide funding profiles for the projects that they administer. The Parliamentary Budget Office has provided as much details as we received and missing data is shown as ‘n/a’, meaning data is not available. There are 2 uncommitted lines in the Attachment A tables to separate the projects where the funding profile is known and those where it is not.

Departmental funding over the medium term, where shown, reflects the amounts as at when the projects were announced. Decisions regarding internal budget allocations from departmental funding are made by the departmental executive on an annual basis with consideration given to each department’s and the Australian Government’s priorities.

The funding amounts are shown to the nearest $100,000.

## Data sources

The Department of Industry, Science and Resources provided the details on the requested projects that fall under their department and those that now fall under the Department of Climate Change, Energy, the Environment and Water and are correct as at 30 June 2022.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts provided details on the requested projects within their remit and are correct as at 2 August 2022.

1. Legacy of ongoing Morrison Government fossil fuel handouts – financial implications

Table A1: Legacy of ongoing Morrison Government fossil fuel handouts – Fiscal and underlying cash balances ($m)(a)





(a) A positive number indicates an increase in expenses or net capital investment. A negative number indicates a decrease in expenses or net capital investment.

n/a Not available.

* Indicates nil.

Table A2: Legacy of ongoing Morrison Government fossil fuel handouts – Headline cash balance ($m)(a)







(a) A positive number indicates an increase in payments or net capital investment. A negative number indicates a decrease in receipts or net capital investment.

(b) Overarching agreements exist with foreign governments and funding is considered allocated but not contractually committed (ie uncontracted), including a $150 million Clean Hydrogen Initiative with Japan, $50 million for Korea partnership, $6.2 million for the CO2 CRC Japan collaboration and low emissions technology partnerships with India and the UK Government. The payments to the states are for Hydrogen Energy Supply Chain Project ($7.6 million) and CarbonNet ($20 million). The $27.6m is considered uncommitted as the Australian Government is yet to finalise the Federal Funding Agreement with the Victorian government.

(c) Funding for ARENA relates to the German - Australian Hydrogen Innovation and Technology Incubator (HyGate) that was launched in March 2022 to support pilot projects on the renewable hydrogen supply chain and facilitate collaboration between Australian and German partners. As the focus is on renewable hydrogen only, it is not a fossil fuel project. The announcement of the funding has been made to the market, but no projects have been selected.

(d) Relates to a commercial loan with GB Energy (<https://www.minister.industry.gov.au/ministers/taylor/media-releases/unlocking-critical-local-gas-production-and-storage>).

(e) The $111 million is not related to the 'corridors of growth' like the Beetaloo. The funding was for Northern Australia Development business grants and services. The 'Our North, Our Future - Next 5 Year Plan for Northern Australia' project aligns with the web link (<https://www.industry.gov.au/news/investing-in-northern-australia-over-the-next-5-years>) provided in the costing request.

(f) The state payments for the Gas Well Trials are considered contractually committed because there is a Federal Funding Agreement in place with the Queensland government.

(g) The state payments for the North Bowen Pipeline Feasibility Study are considered uncontracted because the Australian Government is yet to finalise the Federal Funding Agreement with the Queensland government.

(h) The state payments for the Optimise and Discover Program are considered uncommitted, because the Australian Government has yet to finalise Federal Funding Agreements with the Queensland and South Australian governments.

(i) Funding for Data Driven Discoveries is administered by Geoscience Australia and is departmental in nature.

n/a Not available.

* Indicates nil.

Attachment B – Legacy of ongoing Morrison Government fossil fuel handouts –details on the projects/announcements as provided to the PBO, sorted by time announced



