



End subsidies for the coal mining oil and gas hydrocarbon industries	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would end subsidies for the coal mining, oil, and gas hydrocarbon industries.</p> <ul style="list-style-type: none"><li>• <b>Component 1:</b> Abolish fuel tax credit payments for all industries except agriculture.</li><li>• <b>Component 2:</b> Abolish accelerated asset depreciation for the coal mining, oil and gas industries as well as for aircraft and motor vehicles (except for agricultural and zero-emission vehicles). Accelerated depreciation for assets purchased before the policy commences would be grandfathered.</li><li>• <b>Component 3:</b> Abolish immediate deductions for exploration and prospecting expenses in the coal mining, oil and gas industries.</li></ul> <p>The proposal would start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <ul style="list-style-type: none"><li>• <b>Component 4:</b> Withdraw all non-contractually committed funding for various projects.<ul style="list-style-type: none"><li>- <i>Northern Territory Gas Industry Roads Upgrades</i> to enable access to exploration areas</li><li>- Low emissions international technology partnerships and initiatives by co-funding research and demonstration projects</li><li>- Funding for “clean hydrogen”</li><li>- <i>National Gas Infrastructure Plan</i> - Initiatives that empower gas-reliant businesses to negotiate competitive contract outcomes</li><li>- <i>National Gas Infrastructure Plan</i> - Accelerate the development of the Wallumbilla Gas Supply Hub in Queensland</li><li>- Investment package to “Develop the North” focusing on “corridors of growth” through the <i>Northern Australia Development Program (NADP)</i> and the <i>Strengthening Northern Australia Business Advisory Services</i></li></ul></li><li>• <b>Component 5:</b> End the long-term liability for the Gorgon liquefied natural gas and carbon dioxide storage project in the contingent liabilities.</li></ul>	

## Costing overview

The proposal would be expected to increase the fiscal balance by around \$36.5 billion and the underlying cash balance by around \$34.2 billion over the 2025-26 Budget forward estimates period (see table 1). These totals do not include values that are unquantifiable. The overall increase in the budget balances reflects a decrease in the value of administered expenditure (fuel tax credits), an increase in the value of company tax collections relating to the removal of immediate deduction and

accelerated asset depreciation provisions, partially offset by a decrease in company tax collections relating to an increase in fuel-related deductions from companies.

The fiscal and underlying cash balances differ because of timing differences between when fuel tax credit expense liabilities arise and when the associated cash transactions occur. Liabilities arise entirely within the year that vehicle owners purchase fuel while they receive fuel tax credits after lodging their business activity statement, some of which are lodged in the next financial year.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: End subsidies for the coal mining oil and gas hydrocarbon industries– Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	7,993.5	8,762.0	9,543.0	10,247.0	36,545.5
Underlying cash balance	6,593.5	8,462.0	9,243.0	9,947.0	34,245.5

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Uncertainties

The financial implications of this proposal are highly sensitive to a number of variables which are inherently difficult to predict. Factors such as the price of hydrocarbon fuels, technological developments and global events affecting investment in the hydrocarbon mining sector will have an outsized impact on the cost of this policy.

The interaction of the components together, particularly the removal of fuel tax credits, accelerated asset depreciation provisions and immediate deductibility of exploration and prospecting expenses (only relevant to the mining industry) would represent a substantial shift to the taxation regime of many of Australia’s industries, particularly the mining and transportation sectors. These changes may result in a significant decrease in the long-term viability of companies in these sectors and may lead to some of these companies exiting the Australian economy. The magnitude of these effects are highly uncertain and difficult to estimate so have not been included in this costing<sup>1</sup>. However, it is likely that there would be broader, second order macroeconomic effects with further impacts on revenue and expenses resulting from this proposal. Should only one or multiple of these components be implemented, the resulting budget impacts could be different than those presented in Attachment A, due to potential interactions.

The Parliamentary Budget Office (PBO) has not made an assessment of the ability of these changes to be legislated and implemented by the start date.

Component 1- Abolish fuel tax credits for all industries except agriculture

The assumed trajectory of fuel excise collections and the associated fuel tax credits is sensitive to fuel consumption patterns. Fuel consumption may be affected by the uptake of alternative fuel sources (e.g. hydrogen, electricity in electric vehicles) as well as behavioural changes in consumers reacting to changes in the price of fuel. While it is possible that the removal of fuel tax credits from industry may

<sup>1</sup> [Including broader economic effects in policy costings | pbo](#)

result in a reduction in fuel use, the PBO has not accounted for this effect given that fuel consumption, particularly in industries such as transport and mining, is relatively price inelastic.

Removing fuel tax credits, as specified in the proposal, could have negative effects on the economy, particularly for the mining and transport industries because it would increase the costs of production, affect investment decisions, and increase the prices paid by consumers. The PBO has not factored these effects into this response.

## **Component 2 - Abolish accelerated asset depreciation for coal mining, oil and gas industries as well as for aircraft and motor vehicles (except for agriculture and zero emissions vehicles)**

The accelerated asset depreciation for certain capital expenditures by industry shortens the effective life of these assets (as determined by the Commissioner of Taxation) to a Statutory Effective Life Cap. The financial impact of this component of the costing is highly sensitive to assumptions around the value of assets covered by the Statutory Effective Life Caps purchased in the years from the beginning of this policy until the end of the medium term. The PBO has not made any assessment about any potential behavioural responses that this policy may have within industry, such as a bring-forward of expenditure to prior to the proposed policy implementation date of 1 July 2025. It is possible that the removal of these life caps may result in changes in the expenditure profile on capital within industry, which would result in a change in the financial profile for this component of the costing.

Given the relatively long lives of the assets, the removal of accelerated depreciation would result in an increase in revenue over the forward estimates and medium term. Over a longer period, however, this component would have a minimal impact on revenue as the only thing that is changing is the time horizon the assets can be depreciated over. For example, while businesses' deductions would be less in the near term (10 years), compared to the current baseline, they would be more in the longer term (10-20 years). In the very long term, the impact would only be related to the time-value of money.

Although the vehicle fleets in the mining and transport sectors are transitioning towards zero emissions vehicles, the exact nature, timing, and progression of this transition is unknown, and as yet has not been factored into the estimates.

Note that, due to the absence of sufficiently granular data for capital investment in the relevant assets, these calculations are based on several high-level assumptions and judgements. Should additional data become available to the PBO, we expect that these assumptions would be modified.

## **Component 3 - Abolish immediate deductions for exploration and prospecting expenses**

The investment decisions mining companies take regarding exploration or prospecting activities are highly sensitive to the broader macroeconomic and political climate as well as technological advancement and new discoveries of hydrocarbon deposits. The estimates provided in this costing are therefore highly uncertain and subject to large variations should any of these factors change. The PBO expects that overall expenditure on exploration and prospecting is unlikely to be substantially affected by the removal of the immediate deductions for exploration and prospecting expenses, however there is likely to be a change in the timing of expenditure on exploration and prospecting as miners seek to optimise their tax affairs in the new taxation paradigm introduced by the removal of this immediate deductibility.

Similar to component 2, the very long-term impact would be a relatively small bring-forward of revenue.

## Key assumptions

### Component 1 – Abolish fuel tax credits for all industries except agriculture

- The ratio of fuel tax credit expenditure on the Agriculture, Forestry and Fishing sector to all fuel tax credit expenditure since 2021-22 would remain constant through the forward estimates period and the medium term.
- Businesses would not change their fuel consumption as a result of the proposal because the demand for fuel is relatively inelastic over the medium term.
- Deductions for fuel expenses against a company's tax liability would increase after the removal of fuel tax credits, leading to a significant decrease in company tax collections.
- 80% of companies claiming fuel tax credits are in a taxable position and this proportion would remain constant over the forward estimates and medium term.
- For all components, 'clawback' from the application of franking credits to personal and superannuation tax is assumed to be negligible.

### Component 2 – Abolish accelerated asset depreciation for coal mining, oil and gas industries as well as for aircraft and motor vehicles (except for agriculture and zero emissions vehicles)

- There would be no change in the timing and level of investment in assets eligible for accelerated asset depreciation as a result of this proposal.
- The aggregate purchases of assets which were subject to accelerated depreciation based on the statutory effective life caps would grow by 5% every year following the commencement of this policy.
- 50% of "other depreciating expenses first deducted" for the coal, oil and gas mining industry would be eligible for depreciation based on statutory effective life cap tax expenditure.
- All "other depreciating expenses first deducted" in the transport sector are eligible for accelerated depreciation via the statutory effective life caps tax expenditure.
- For the transport sector, the average statutory effective life cap for depreciating assets would be 8 years, and the average effective life of the same assets as determined by the Commissioner of Taxation (as outlined in Taxation Ruling TR 2021/3) would be 12 years.<sup>2</sup> These averages are a professional judgement of the weighted average across all asset classes and their various proportions in the overall value of the stock of depreciating assets in this industry.
- For the mining sector, the average statutory effective life cap for depreciating assets would be 15 years, and the average effective life for the same assets as determined by the Commissioner of Taxation (as outlined in Taxation Ruling TR 2021/3) would be 25 years. These averages are a professional judgement of the weighted average across all asset classes and their various proportions in the overall value of the stock of depreciating assets in this industry.
- Companies use the diminishing value method for depreciating assets covered by this component.

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<sup>2</sup> [TR 2022/1 - Income tax: effective life of depreciating assets \(applicable from 1 July 2022\) Ruling \(Published on 29 June 2022\)](#)  
[| Legal database \(ato.gov.au\)](#)

### Component 3 – Abolish immediate deductions for exploration and prospecting expenses

- The value of immediate deductions for exploration and prospecting would grow in line with growth in mining investment (gross fixed capital formation) over the forward estimates period, then in line with the growth in nominal gross domestic product (GDP) over the medium term.
- There would be no change in the timing and level of investment in exploration and prospecting as a result of this proposal.
- 24% of the total national expenditure on exploration and prospecting is associated with coal, oil or gas resources.
  - This proportion is based on analysis of the Australian Bureau of Statistics’ Mineral and Petroleum Exploration quarterly statistics publication.
- 80% of taxpayers would depreciate their assets using the diminishing value method in the absence of immediate deductions.

### Component 4 – Withdraw non-contractually committed funding for various projects

- No further contractual commitments, for 2025-26 and onwards, would be made between now and the policy’s start date of 1 July 2025.
- All funding that is committed but not yet contracted can be returned.

## Methodology

- Component 1 was estimated by projecting fuel tax credit expenses across the medium term, which were then adjusted to account for expected claims from agricultural entities.
  - As fuel tax credits reduce fuel-related expenses that eligible entities can deduct, abolishing fuel tax credits would increase fuel-related deductions that entities would use to reduce their company tax liability, reducing the overall company tax liability.
- Component 2 was calculated using the Australian Tax Office’s (ATO) 2021-22 Taxation Statistics, using the “other depreciating assets first deducted” variable for the relevant industries as a proxy for eligible assets for deduction via the statutory effective life caps method. These figures were uprated by nominal GDP to provide a starting base in the 2025-26 financial year. Yearly growth in eligible expenditure was assumed to be 5%. These annual expenses were then deducted over the assumed depreciation times (as detailed above) in the current and proposal scenarios, then compared to produce a cost estimate.
- Component 3 was calculated using the 2024-25 Tax Expenditure and Insights Statement (TEIS) model from the Treasury. This model was extended over the medium term by the PBO in line with the relevant assumed growth rates, and the results were adjusted to reflect the removal of the immediate deductions only from the coal, oil and gas sector.
- The financial impacts for components 4 were estimated based on information (as at September 2024) provided by the following agencies:
  - the Department of Climate Change, Energy, the Environment and Water (DCCEEW)
  - the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA)
  - the Department of Industry, Science and Resources (DISR).

For components 2 and 3 the policies being removed are effectively bring forwards of tax deductions. The effect of their removal is that these deductions are maintained but spread across more years – the companies affected are still able to deduct the full value of their expenditure on the relevant items, just over a longer time horizon.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>3</sup>

## Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

The ATO provided information relating to fuel tax credits and asset values for the coal, oil and gas industries as well as aircraft and motor vehicles as at the 2025-26 Pre-election Economic and Fiscal Outlook (PEFO).

The Treasury provided the [2024-25 Tax Expenditures and Insights Statement](#) (TEIS) model for item B78: *Exploration and Prospecting Deduction* as at the 2024-25 TEIS. The Treasury also provided relevant economic and taxation projections, as at the 2025-26 PEFO.

The DCCEEW provided information relating to the funding of various programs in component 4 as at 19 September 2024.

The DITRDCA provided information relating to the funding of various programs in component 4 as well as advice regarding component 5 (as at 13 September 2024).

The PBO thank the Parliamentary Library for their timely, impartial and confidential input.

Australian Taxation Office (2023) [Taxation statistics 2021-22](#), accessed 12 May 2025.

Australian Bureau of Statistics (2024) [Mineral and Petroleum Exploration, Australia, June 2024 | Australian Bureau of Statistics \(abs.gov.au\)](#) accessed 12 May 2025

Income Tax Assessment Act 1997.

Australian Taxation Office (29 June 2022), [Taxation Ruling: Income tax: effective life of depreciating assets](#), accessed 12 May 2025.

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<sup>3</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – End subsidies for the coal mining oil and gas hydrocarbon industries– Financial implications

**Table A1: End subsidies for the coal mining oil and gas hydrocarbon industries – Fiscal cash balance (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Revenue</b>													
<i>Component 1 - Foregone revenue from abolishing fuel tax credits</i>	-2,090.0	-2,230.0	-2,370.0	-2,530.0	-2,570.0	-2,730.0	-2,780.0	-2,880.0	-2,990.0	-3,100.0	-3,220.0	-9,220.0	-29,490.0
<i>Component 2 - Abolishing accelerated asset depreciation for industries other than agriculture and zero-emissions vehicles</i>	20.0	340.0	600.0	770.0	880.0	940.0	980.0	1,000.0	1,010.0	1,010.0	1,010.0	1,730.0	8,560.0
<i>Component 3 - Abolish immediate deductions for exploration and prospecting expenses for the coal, oil and gas industry</i>	255.0	274.0	278.0	272.0	268.0	265.0	262.0	262.0	262.0	295.0	306.0	1,079.0	2,999.0
<b>Total – revenue</b>	<b>-1,815.0</b>	<b>-1,616.0</b>	<b>-1,492.0</b>	<b>-1,488.0</b>	<b>-1,422.0</b>	<b>-1,525.0</b>	<b>-1,538.0</b>	<b>-1,618.0</b>	<b>-1,718.0</b>	<b>-1,795.0</b>	<b>-1,904.0</b>	<b>-6,411.0</b>	<b>-17,931.0</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>Component 1 - Recouped administered funds from fuel tax credits</i>	9,700.0	10,300.0	11,000.0	11,700.0	11,900.0	12,600.0	12,900.0	13,400.0	13,900.0	14,400.0	14,900.0	42,700.0	136,700.0
<i>Component 4 - Reverse various programs: administered funding</i>	107.0	78.0	35.0	35.0	-	-	-	-	-	-	-	255.0	255.0
<i>Component 5 - End the long-term liability for carbon capture and storage for the Gorgon project</i>	*	*	*	*	*	*	*	*	*	*	*	*	*
<b>Total – administered</b>	<b>9,807.0</b>	<b>10,378.0</b>	<b>11,035.0</b>	<b>11,735.0</b>	<b>11,900.0</b>	<b>12,600.0</b>	<b>12,900.0</b>	<b>13,400.0</b>	<b>13,900.0</b>	<b>14,400.0</b>	<b>14,900.0</b>	<b>42,955.0</b>	<b>136,955.0</b>
<b>Departmental</b>													
<i>Component 4 - Reverse various programs: departmental funding</i>	1.5	-	-	-	-	-	-	-	-	-	-	1.5	1.5
<b>Total – departmental</b>	<b>1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>1.5</b>
<b>Total – expenses</b>	<b>9,808.5</b>	<b>10,378.0</b>	<b>11,035.0</b>	<b>11,735.0</b>	<b>11,900.0</b>	<b>12,600.0</b>	<b>12,900.0</b>	<b>13,400.0</b>	<b>13,900.0</b>	<b>14,400.0</b>	<b>14,900.0</b>	<b>42,956.5</b>	<b>136,956.5</b>
<b>Total (excluding PDI)</b>	<b>7,993.5</b>	<b>8,762.0</b>	<b>9,543.0</b>	<b>10,247.0</b>	<b>10,478.0</b>	<b>11,075.0</b>	<b>11,362.0</b>	<b>11,782.0</b>	<b>12,182.0</b>	<b>12,605.0</b>	<b>12,996.0</b>	<b>36,545.5</b>	<b>119,025.5</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) This costing includes an unquantifiable aspect.

- Indicates nil.

\* Unquantifiable – not included in totals.

**Table A2: End subsidies for the coal mining oil and gas hydrocarbon industries – Underlying cash balance (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Receipts</b>													
<i>Component 1 - Foregone revenue from abolishing fuel tax credits</i>	-2,090.0	-2,230.0	-2,370.0	-2,530.0	-2,570.0	-2,730.0	-2,780.0	-2,880.0	-2,990.0	-3,100.0	-3,220.0	-9,220.0	-29,490.0
<i>Component 2 - Abolishing accelerated asset depreciation for industries other than agriculture and zero-emissions vehicles</i>	20.0	340.0	600.0	770.0	880.0	940.0	980.0	1,000.0	1,010.0	1,010.0	1,010.0	1,730.0	8,560.0
<i>Component 3 - Abolish immediate deductions for exploration and prospecting expenses for the coal, oil and gas industry</i>	255.0	274.0	278.0	272.0	268.0	265.0	262.0	262.0	262.0	295.0	306.0	1,079.0	2,999.0
<b>Total – receipts</b>	<b>-1,815.0</b>	<b>-1,616.0</b>	<b>-1,492.0</b>	<b>-1,488.0</b>	<b>-1,422.0</b>	<b>-1,525.0</b>	<b>-1,538.0</b>	<b>-1,618.0</b>	<b>-1,718.0</b>	<b>-1,795.0</b>	<b>-1,904.0</b>	<b>-6,411.0</b>	<b>-17,931.0</b>
<b>Payments</b>													
<b>Administered</b>													
<i>Component 1 - Recouped administered funds from fuel tax credits</i>	8,300.0	10,000.0	10,700.0	11,400.0	11,700.0	12,300.0	12,600.0	13,000.0	13,500.0	14,000.0	14,600.0	40,400.0	132,100.0
<i>Component 4 - Reverse various programs: administered funding</i>	107.0	78.0	35.0	35.0	-	-	-	-	-	-	-	255.0	255.0
<i>Component 5 - End the long-term liability for carbon capture and storage for the Gorgon project</i>	*	*	*	*	*	*	*	*	*	*	*	*	*
<b>Total – administered</b>	<b>8,407.0</b>	<b>10,078.0</b>	<b>10,735.0</b>	<b>11,435.0</b>	<b>11,700.0</b>	<b>12,300.0</b>	<b>12,600.0</b>	<b>13,000.0</b>	<b>13,500.0</b>	<b>14,000.0</b>	<b>14,600.0</b>	<b>40,655.0</b>	<b>132,355.0</b>
<b>Departmental</b>													
<i>Component 4 - Reverse various programs: departmental funding</i>	1.5	-	-	-	-	-	-	-	-	-	-	1.5	1.5
<b>Total – departmental</b>	<b>1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>1.5</b>
<b>Total – payments</b>	<b>8,408.5</b>	<b>10,078.0</b>	<b>10,735.0</b>	<b>11,435.0</b>	<b>11,700.0</b>	<b>12,300.0</b>	<b>12,600.0</b>	<b>13,000.0</b>	<b>13,500.0</b>	<b>14,000.0</b>	<b>14,600.0</b>	<b>40,656.5</b>	<b>132,356.5</b>
<b>Total (excluding PDI)</b>	<b>6,593.5</b>	<b>8,462.0</b>	<b>9,243.0</b>	<b>9,947.0</b>	<b>10,278.0</b>	<b>10,775.0</b>	<b>11,062.0</b>	<b>11,382.0</b>	<b>11,782.0</b>	<b>12,205.0</b>	<b>12,696.0</b>	<b>34,245.5</b>	<b>114,425.5</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) This costing includes an unquantifiable aspect.

- Indicates nil.

\* Unquantifiable – not included in totals.



**Table A3: End subsidies for the coal mining oil and gas hydrocarbon industries – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)(c)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	150.0	490.0	900.0	1,360.0	1,870.0	2,430.0	3,020.0	3,670.0	4,360.0	5,100.0	5,910.0	<b>2,900.0</b>	<b>29,260.0</b>
<b><i>Underlying cash balance</i></b>	110.0	400.0	800.0	1,250.0	1,750.0	2,290.0	2,870.0	3,510.0	4,180.0	4,920.0	5,710.0	<b>2,560.0</b>	<b>27,790.0</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>4</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (c) This costing includes an unquantifiable aspect.

<sup>4</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)