

## Renewables subsidies: \$22 billion by 2030

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5 April 2022



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Energy Minister Angus Taylor noted that the Commonwealth Budget added \$1.3 billion to assist uneconomic renewable energy, bringing the total support to \$22 billion by 2030. Added to direct budget support are the regulatory subsidies that force consumers to pay for otherwise unviable wind and solar energy as well as the networks that have to be built to bring their energy to market.

Green energy enthusiasts and vested interests fraudulently claim wind and solar are cheaper than coal-generated electricity. Some also

concoct data purporting to prove that fossil fuels benefit from enormous subsidies.

One such compilation is published by the Australia Institute which claims [\\$11.6 billion of subsidies](#) go to Australia's fossil industry. Some \$8 billion of this is the Fuel Tax Credits Scheme, the diesel fuel rebate for off-road vehicle use.

By no stretch of the imagination can this be deemed a subsidy to the oil industry. The rebate is simply a recognition that excise on fuels in Australia, and the world over, were introduced as a means of paying for roads by charging the users rather than the general public; farm, mining, and other such vehicles do not use public roads and taxing their fuel would contravene the cardinal taxation rule of avoiding taxing inputs into production.

As the [OECD](#) points out, 'Most OECD countries have excise-tax exemptions for fossil fuels used in the production process in coal mining, oil extraction, refineries, etc.' This is true of the [US](#), [Japan](#), [Israel](#), and others.

Other than the diesel fuel rebate, the Australia Institute includes within its compilation of spurious subsidies, the Grid Reliability Fund to support energy security, the Carbon Capture Use and Storage Development Fund, payments to refineries to increase liquid fuel stocks and up to \$2 billion for the Fuel Security Services Payment. It even includes \$79 million from the Victorian Government used to support a carbon capture and storage project, and a brown-coal-to-hydrogen project.

The fact is that fossil fuel production and use in Australia face heavy taxes, their production is impeded by punitive regulatory regimes, and massive subsidies on renewable energy wreck their market

competitiveness. Government documents nowadays avoid identifying and publicising the full extent of renewables subsidies. But, in an estimate that was not contested, I put them at [\\$7 billion a year](#) for 2019.

Though Australia continues to tax commercial energy sources and subsidise the unreliable renewables, the Ukraine War has ignited a new policy agenda to that which favours renewables supposedly to prevent climate change.

Some politicians, like Germany's governing [Rainbow Coalition](#), see the dependence on Russian energy that the war has revealed as a justification to intensify subsidies to rid the world of carbon emissions. They have learned nothing from escalating power prices resulting from current policies aiding renewables. Ukraine's [President Zelenskyy](#) shares their views but not to the extent of stipulating that the equipment and energy used to help in his nation's defence be carbon-free!

The more sober-minded recognise the war's message as dictating a reversion to cheaper more reliable energy sources. The UK is inching its way to re-embracing domestic oil and gas resources. France has reversed course on its former plans to shift from nuclear to renewables. The [EU](#) itself has now pronounced gas as a 'sustainable' fuel and has sanctioned temporary increases in coal use. Even the Biden Administration is walking back on its previous hostility to oil and gas drilling.

Hostility to conventional and nuclear fuels on the part of governments, activists, and the investment community has led to a lack of investment and closures of mines and power stations. The upshot is energy shortages. These have been compounded by actions against Russia, one nation that has not shared the dream of a carbonless

future. The resulting shortage of usable energy has resulted in soaring prices.

Analysts at [Thunder Said Energy](#) estimate that this year world energy costs will compromise 13 per cent of global GDP. That compares to the traditional level of under 4 per cent and surpasses the level it reached in 1980 at the height of the OPEC oil crisis. A new cycle of investment in reliable fuel sources is necessary. But among the barriers to this is the Environmental Social and Governance (ESG) ideology that targets coal, oil, and gas and has infected the commercial finance industry and its regulators. The EU's bizarre redefinition of gas as 'sustainable' is designed to circumvent this.

Australia has been perhaps the most aggressive nation in subsidising renewables and disadvantaging their more efficient alternatives. We need to reverse course.

Some are calling for an ending of the unique embargo Australia has on nuclear power. While the embargo should be removed, realistically, given the morass of regulatory and political impediments, it would be a decade before a plant was in operation. And in any event, for Australia, coal, and gas are almost certainly cheaper sources of reliable power.

As the world's best-endowed energy resource nation, Australia could reclaim its position as having the world's cheapest gas and electricity.

But this means navigating the political and bureaucratic impediments, supplemented by the powerful vested interests of those who have invested in renewables on the basis of never-ending subsidies. Those interests have the support of a heavily indoctrinated coterie of activists and have proved willing to marshal considerable financial

resources to support political outcomes that, notwithstanding costs to the community in general, continue to provide them benefits.