



Ending Handouts to boost Greenhouse gas Emissions

Issued February 2024

God calls us to live in harmony with our natural environment and to seek justice and well-being for all creation.

The Synod resolves to acknowledge the need for immediate and substantial action by governments, businesses and communities, including the councils and institutions of the church in this Synod, to mitigate climate change caused by human activity and the threat it poses to God's good creation.

Synod of Victoria and Tasmania resolution from February 2021

Society and most businesses are now moving to reduce greenhouse gas emissions created from burning coal, gas and oil products to stave off the worst impacts of climate change. At the same time, the Federal Government continues to prop up the use of these fuels in the mining industry by handing out billions of dollars through the Fuel Tax Credit.

In November 2023, the Lancet Countdown team of scientists released the 8th annual report on health and climate change. The report pointed out that climate change is creating a threat to the lives and livelihoods of billions of people due to extreme heat, food insecurity and infectious diseases. Warmer seas have led to the coastal spread of the water-borne vibrio bacteria, putting 1.4 billion people at risk of diarrhoeal disease, severe wound infections and sepsis. Heat-related deaths of people over 65 years old have increased by 85% since the 1990s.

Also, in November 2023, the UN's latest report assessing government's efforts to address climate change reported that under current government plans greenhouse gas emissions are set to increase by 9% by 2030 globally, compared to 2010 levels. They pointed out that emissions need to fall by 45% by 2030 compared to 2010 levels if the goal of limiting global temperature to an average 1.5°C increase is to be achieved. The UN called on all governments to phase out the use of fossil fuels.

Australia imported 29 billion litres of diesel in the 2022 – 2023 financial year. That was an increase of 197% in just two years. The Fuel Tax Credit scheme provides a refund of 48.8 cents per litre of diesel fuel for the use of off-road vehicles. Between 2006 and 2022, the Federal Government handed back \$95 billion in fuel tax credits to diesel users, effectively propping up its use.

The Fuel Tax Credit scheme is the 18th largest expense program for the Federal Government in its 2023 – 2024 budget. The government forecasts the cost to government revenue to increase from \$9.5 billion in the 2023 -2024 financial year to \$11.2 billion in the 2026-2027 financial year as diesel imports continue to rise.



Large multinational mining corporations are significant beneficiaries of the Fuel Tax Credit scheme. In the 2020-2021 financial year, mining corporations received 45% of the cost of the support to use diesel fuel, which was four times as much as used in agriculture. In the 2023 -2024 financial year, the mining corporations are expected to receive \$4.3 billion through the Fuel Tax Credit, of which \$1.34 billion will go to coal mining corporations. Mining accounted for 21% of Australia's total greenhouse gas emissions in 2021, having increased by 65% since 2005. The November 2023 Australian Government report on emissions projections predicted that emissions from mining corporations will continue to grow until 2025 before slowly reducing.

Off-road diesel engine vehicles are now Australia's largest unregulated source of air pollution, contributing to ill-health, and putting us decades behind the US and European Union governments.

The Climate Energy Finance group has suggested as a starting point that the Australian Government cap the Fuel Tax Credit to \$50 million per entity or corporation. Such a cap would only impact eight large mining corporations and would not impact farmers. The eight corporations affected would be Fortescue Metals Group, Rio Tinto, Hancock Prospecting, BHP, Glencore, Peabody Energy, Yancoal and Anglo American.

The reform would also provide the Australian Government with an extra \$14 billion in revenue from 2024 to 2030, which could be spent on addressing climate change, in particular supporting people experiencing disadvantage to benefit from the transition and build their climate resilience, or meeting other needs such as mental health services, disability services, or family violence prevention measures.

The Grattan Institute has pointed out that on-road vehicles such as semi-trailers and passenger buses also get access to lower fuel tax rates. They argue there is no business reason why larger vehicles should pay less tax than smaller vehicles also used for business. They recommended that fuel tax credits should be removed for heavy on-road vehicles.

What You Can Do

Write polite and respectful letters to:

The Hon. Anthony Albanese MP
Prime Minister
PO Box 6022
House of Representatives
Parliament House
Canberra, ACT, 2600

The Hon. Dr Jim Chalmers MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra, ACT, 2600

Salutation: Dear Prime Minister

Salutation: Dear Treasurer

Points to make in your letters:

- Express deep concern that the current financial year is expected to see the Government give up \$9.5 billion in revenue to effectively prop up the ongoing use of diesel fuel through the Fuel Tax Credit scheme.
- Express concern that such financial support for the use of fossil fuels runs counter to the necessary actions the Australian Government should be leading with to address the harms caused by climate change.
- Further, express deep concern that some of the Fuel Tax Credit goes to corporations to help reduce their costs in mining coal.
- Ask that, as a starting point, they cap the Fuel Tax Credit to \$50 million per group, which would only impact eight large mining corporations.
- Point out such a measure would encourage these corporations to use electric vehicles and reduce their use of diesel.
- Further, ask that they adopt the recommendation of the Grattan Institute to remove fuel tax credits for heavy on-road vehicles. Point out there is no apparent business reason why heavy on-road vehicles used for business should pay less fuel tax than lighter vehicles used for business.

Acknowledgement: The JIM Cluster has drawn on the work of the Climate Energy Finance report "Fuel Tax Credit Scheme and Heavy Haulage Electric Vehicle Manufacturing in Australia", 11 September 2023 and the Grattan Institute, "Back in black? A menu of measures to repair the budget", April 2023 for the above action.