

## G20 commitment on fossil fuel subsidies

### Talking points

- Australia supports the G20 Leaders' Summit Pittsburgh (September 2009) commitment on fossil fuel subsidies.
- At the Toronto (June 2010) G20 Leaders' Summit, Leaders considered members' implementation plans to remove or rationalise inefficient fossil fuel subsidies. In their declaration following the Summit, Leaders called for the continued implementation of these plans.
- Australia concluded that it did not have measures within the scope of the G20 commitment. In Australia, consumers pay market rates for fuel and producers benefit only from economy wide or sector-wide concessions.

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### Background

- At the September 2009 G20 Pittsburgh Summit, the G20 committed to rationalise or remove inefficient fossil fuel subsidies that cause wasteful consumption. Measures supporting clean energy initiatives and the poor are out of scope.
- Australia concluded that it does not have measures that fall within scope of the commitment.
- G20 countries submitted implementation plans in response to the commitment for consideration by Leaders at the Toronto Summit. Despite not having measures within scope, Australia made a submission to the G20 explaining why it did not have measures within scope.
  - The implementation plans and Australia's submission are publicly available on the G20 website.
- Australia's position was based on defining a subsidy as a measure that reduces local prices below the market price (the price-gap approach). Australia's submission excluded assistance measures that are available across the economy or across the entire resources and energy sector as well as State and Territory measures.
  - Australia does not subsidise fossil fuel consumption below the price of production. It is subject to different tax treatment depending on the type of fuel and the user (through excise exemptions for LPG, LNG/CNG and aviation fuel and the Fuel Tax Credits Scheme).
  - Australia does not provide significant assistance to fossil fuel producers (although producers can benefit from economy-wide or sector-wide tax concessions, including some accelerated depreciation allowances).
- Australia's approach to identify subsidies within scope of the G20 commitment was similar to other G20 members.

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