

9. FUEL AND ENERGY

NATURE OF OUTLAYS

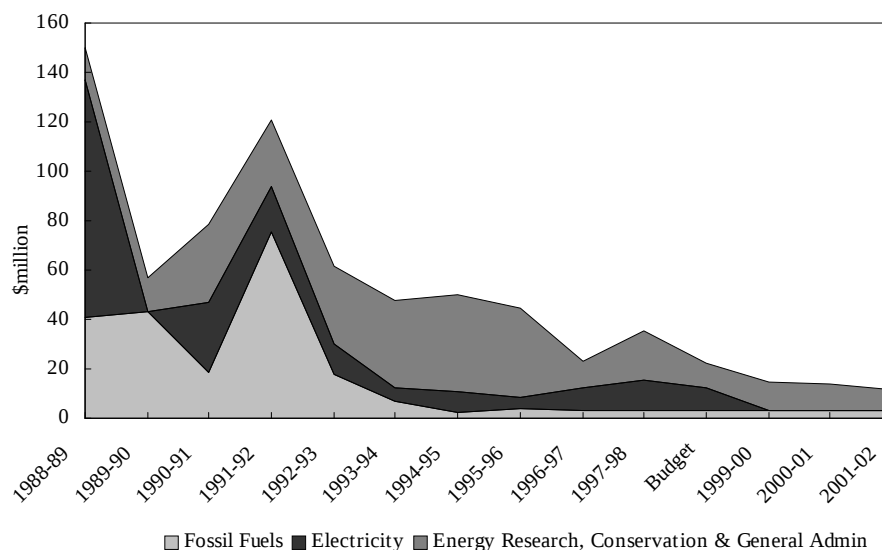
Fuel and Energy covers outlays on coal, petroleum, gas, electricity and other energy including alternative fuels. It includes research and measures designed to reduce consumption or increase production and support in the form of advances, grants or subsidies. It excludes outlays on the transportation of petroleum and gas which are classified to *12. Transport and Communication* and *13.C. Other Economic Affairs, nec* and the disposal of radioactive waste which is classified to *7. Housing and Community Amenities*.

Commonwealth outlays in respect of this function include: payments to support micro-economic reform of electricity supply; payments to State government departments for administration of petroleum production within the Commonwealth's jurisdiction; funding for Commonwealth outcomes in relation to promoting energy efficiencies for the benefit of industry and the community generally, and for the alternative energy industry specifically (ie renewable energy and energy conservation).

Not included under this function are the fuel and energy purchases of government departments and agencies used for operational purposes.

This function mainly includes outlays of the Primary Industries and Energy portfolio.

Chart 1. Overview of Commonwealth Outlays on Fuel and Energy (1989-90 prices)



TRENDS IN FUEL AND ENERGY OUTLAYS

Fuel and energy outlays have declined significantly since the late 1980s (Chart 1) primarily through reduced Commonwealth involvement in the coal industry and sale of the Gladstone Power Station to Queensland.

The decline in outlays in 1989-90 is largely attributable to cessation of an operational assistance grant to the Northern Territory Electricity Commission which was resumed in 1990-91.

The peak in 1991-92 represents payments totalling \$60 million made to Victoria to ameliorate gas price increases associated with the application of the Resources Rent Tax to Bass Strait oil and gas production.

1998-99 AND FORWARD ESTIMATES

		1997-98	1998-99	1999-00	2000-01	2001-02
		Estimate	Budget	Estimate	Estimate	Estimate
9.1	Fossil Fuels	\$m 3.6	3.5	3.5	3.5	3.5
		%	-2.8	na	na	na
9.2	Electricity	\$m 14.4	11.0	-	-	-
		%	-23.6	-100.0	na	na
9.3	Energy Research, Conservation and	\$m 23.9	12.6	14.3	13.7	11.3
	General Administration	%	-47.3	13.5	-4.2	-17.5
	TOTAL	\$m 41.8	27.1	17.8	17.3	14.8
		%	-35.2	-34.3	-2.8	-14.5

9.1 FOSSIL FUELS

Outlays provide reimbursement to State government departments for administration of petroleum exploration and production leases within Commonwealth jurisdiction.

9.2 ELECTRICITY

Outlays in 1998-99 primarily represent payments to the Snowy Mountains Hydroelectric Authority for the shortfall in its cost recovery after trading by Snowy Hydro Pty Limited of the Commonwealth's share of electricity generated by the Authority.

9.3 ENERGY RESEARCH, CONSERVATION AND GENERAL ADMINISTRATION

Outlays for this classification decline over the Budget and forward years primarily due to the winding up of the Energy Research and Development Corporation in 1997-98.

Energy efficiency and climate change programmes comprise the remainder of outlays.