

Gas-backed rescue of Whyalla steelworks ‘entirely uneconomic’, thinktank warns

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Taxpayers will need to pay up to \$2bn in additional subsidies if the federal and South Australian governments support an “entirely uneconomic” gas-backed plan to rescue the ailing Whyalla steelworks, according to **new analysis** by Climate Energy Finance.

The warning comes ahead of a decision by administrators over the **future of the steelworks**, one of only two major integrated steel projects in Australia and the only local manufacturer of rail.

The decision is **seen as a defining choice** for Australia between reverting to manufacturing powered by gas, and developing renewables-based industrial capacity.

Climate Energy Finance calculated that it would cost between \$1.7bn and \$2bn over a decade in gas supply subsidies and hundreds of millions in pipeline infrastructure to help a gas-based plant compete with overseas manufacturers.

It says:

The SA and Australian governments have a time-critical opportunity to deploy targeted, national interest public capital to strategically invest in pivoting the steelworks to Australia’s first-of-a-kind green iron and steel production hub powered by large-scale firmed renewables.



The Whyalla Steelworks. Photograph: Isabella Ward/AAP

A consortium including manufacturer BlueScope is seen as the leading bidder to take over Whyalla.

Earlier in 2025, the steelworks received a \$2.4bn state and federal government bailout package to help keep it afloat and save jobs.

There are concerns that billions of dollars of public money may be used to prop up power-hungry manufacturing operations around Australia that **prove to be unsustainable**.

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