

The Senate

Select Committee on the Taxation
of Gas Resources

Select Committee on the Taxation of Gas
Resources

May 2026

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Abbreviations

ACCC	Australian Competition and Consumer Commission
ACF	Australian Conservation Foundation
ACOSS	Australian Council of Social Service
ACTU	Australian Council of Trade Unions
ADGSM	Australian Domestic Gas Security Mechanism
AEP	Australian Energy Producers
ASU	Australian Services Union
ATO	Australian Taxation Office
AWU	Australian Workers' Union
BCA	Business Council of Australia
Callaghan Review	Review of the Petroleum Resources Rent Tax
CCS	Carbon Capture and Storage
CICTAR	Centre for International Corporate Tax Accountability & Research
the Code	Gas Market Code
CMEWA	Chamber of Minerals and Energy WA
CSG	Coal Seam Gas
DCCEEW	Department of Climate Change, Energy, the Environment and Water
DISR	Department of Industry, Science and Resources
FID	Financial Investment Decision
GDP	Gross Domestic Product
GTP Review	Petroleum Resource Rent Tax: Review of Gas Transfer Pricing Arrangements
ICJ	International Court of Justice
IEA	International Energy Agency
IEEFA	Institute for Energy Economics and Financial Analysis
LEAN	Labor Environment Action Network
LNG	Liquefied Natural Gas

MYEFO	Mid-Year Economic and Fiscal Outlook
NGMR	National Gas Market Review
NTEU	National Tertiary Education Union
OP Levy	Offshore Petroleum Levy
PRRT	Petroleum Resource Rent Tax
QRC	Queensland Resources Council
SPA	Sales and Purchase Agreement
TJN-Aus	Tax Justice Network Australia

Chapter 1

Report

- 1.1 On 30 March 2026, the Senate established a Select Committee on the Taxation of Gas Resources (the committee), to inquire into and report on:
- (a) the tax treatment of Australian oil and gas resources, including any proposals for changes to the tax treatment of gas production and export;
 - (b) the expected outlook for gas and oil prices in response to the conflict in the Middle East, including the impact on Australia, Australia's regional trading partners and the Pacific;
 - (c) the impact of this outlook on the profitability of Australian liquefied natural gas exporters and on the stability and reliability of global energy markets;
 - (d) the impact of this outlook on households, businesses and government revenue;
 - (e) alternative tax arrangements for oil and gas production and export that other countries have put in place, and the revenue implications if those arrangements were adopted in Australia;
 - (f) how any additional revenue generated could be used to provide cost of living relief for households and businesses and reduce our dependence on imported fuel; and
 - (g) any other related matters.
- 1.2 The Senate set 7 May 2026 as the date for the committee to present its final report.¹

Conduct of the inquiry

- 1.3 The committee called for submissions on 1 April 2026, and set 13 April 2026 as the closing date.
- 1.4 The committee wrote to a range of key stakeholder groups, government agencies, organisations, business groups and individuals, drawing their attention to the inquiry, and inviting them to make written submissions.

Submissions, form letter campaigns and public comments

- 1.5 The committee received over 230 public submissions, which are all available on the committee's webpage and listed at Appendix 1.
- 1.6 The committee also received five types of form letters, including:
- 272 examples of an unknown origin (Form Letter 1);

¹ *Journals of the Senate*, No. 44, 30 March 2026, pp. 1537–1538.

- 13 examples submitted through a Friends of the Earth Melbourne campaign (Form Letter 2);²
 - 52 examples submitted through the DoGooder platform (Form Letter 3);
 - 15 examples of an unknown origin (Form Letter 4); and
 - 14 examples of an unknown origin (Form Letter 5).
- 1.7 The committee decided to publish 10 examples of each campaign letter on its website, to give a broad indication of the themes raised in these letters.
- 1.8 All these varieties of form letter supported the proposal for a 25 per cent levy on any export of Australia's gas resources.
- 1.9 An attachment to the submission made by GetUp! also provided comments from the 50 000 members of the public who had signed its petition and on behalf of whom the submission was made. Again, comments supported the proposal for a 25 per cent gas exports levy.

Public hearings

- 1.10 The committee held three public hearings to take evidence, as follows:
- 21 April 2026, Canberra;
 - 22 April 2026, Canberra; and
 - 24 April 2026, Perth.
- 1.11 A list of witnesses that gave evidence at these hearings is available at Appendix 2, and full Hansard transcripts of hearings are available on the committee's webpage.

Note on references

- 1.12 All references to the Committee Hansard are to the proof transcripts, and so page number may vary to the final versions.
- 1.13 All references to webpages in this report are current at the time of tabling.

Committee view

- 1.14 The committee received a wide range of evidence examining the current and future taxation of Australia's gas resources.
- 1.15 The committee thanks the substantial number of organisations, experts and members of the general public that made a submission or provided evidence at a public hearing, especially considering the demanding timeframe for the inquiry.
- 1.16 The committee received substantial evidence that Australians want to receive a fair return for Australia's gas resources, and a range of proposals were put

² Friends of the Earth Melbourne, [Submission Guide: Gas Export Tax](#), 7 April 2026.

forward. The committee received evidence from gas industry representatives that the current tax settings are sufficient.

- 1.17 While unable to reach agreement about the impact of any proposed changes to taxation of gas resources on fuel security during the current global supply shortage, the committee notes the Prime Minister's stated concerns about timing and invites the government to reconsider this issue following the resolution of the current conflict in Iran.
- 1.18 The committee finds that lack of timely, transparent entity-level data continues to make it difficult for industry, government and the community to have a shared understanding of revenue, profits, and PRRT liabilities.
- 1.19 In considering the diversity of views expressed in submissions and at the hearings, the committee has not been able to reach agreement on a set of recommendations on Australia's approach to the taxation of its gas resources. As such, the views and recommendations of committee members are presented in additional comments to this report.

Senator Steph Hodgins-May
Chair
Greens Senator for Victoria

Australian Greens' Additional Comments

- 1.1 'Cut the crap and just do it'. This emphatic plea from Dr Ken Henry will come to define this inquiry.
- 1.2 Australians deserve, and are increasingly demanding, a better return on our resources. Gas resources belong to us all, yet the benefits go mostly to foreign shareholders of large multinational corporations.
- 1.3 This inquiry heard a range of evidence from a range of perspectives. Appendix A sets out a detailed summary of evidence presented to the inquiry, prepared by the secretariat.
- 1.4 What is clear is that the Petroleum Resources Rent Tax (PRRT) that is supposed to deliver returns on offshore gas is structurally broken. Generous deductions, indefinite loss carry forwards, and transfer pricing opportunities allow gas companies to minimise their liability, even during periods of massive profits. The estimated windfall profits for gas companies since Russia's invasion of Ukraine is \$112 billion. Yet PRRT revenue was actually lower during this period than in other years (see Appendix A, Table 1.1)
- 1.5 When Japan makes more from Australia's gas than Australia does, you know Australians are getting a raw deal.
- 1.6 This inquiry heard from The Superpower Institute, Dr Ken Henry, the Institute for Energy Economics and Financial Analysis (IEEFA) Australia, the Australia Institute, and others that Australia's effective tax rate on gas resources is well below global norms. Independent energy analysts, Arthur D. Liddle (ADL), estimated Australia's rate sits at approximately 6.9 per cent, while the Superpower Institute put it closer to 18 per cent. Either estimate is significantly lower than the returns in Norway, Qatar, UK and Canada. Australians are missing out, while other countries are cashing in.
- 1.7 In his evidence to the committee, Dr Henry lamented the billions in revenue that Australia has forgone since Kevin Rudd's proposal for a superprofits tax on fossil fuels was killed off by intense lobbying from the resources sector. He urged this inquiry not to repeat that mistake.

More Public Funds, Better Services

- 1.8 Modelling shows that a 25 per cent tax on gas exports would provide a fairer, more stable and more transparent return for Australians. It would redirect up to \$17 billion from the pockets of multinational corporations into helping Australians struggling with the cost of living. A huge number of submissions to this inquiry identified public interest initiatives that money could be spent on, including:
 - healthcare, housing and education;

- supporting families living with disability, rather than kicking them off the NDIS;
- household energy affordability and cost-of-living relief; and
- a sovereign wealth fund for future generations or paying down public debt (see Appendix A, 'Community benefits').

1.9 The value of providing these social supports cannot be overstated. Mr Ketan Joshi, an independent energy analyst living in Norway, told the committee about the high level of child care and health care afforded by Norway's sovereign wealth fund:

Something that I think is really, really important is the cultural and psychological effect that this social safety net provides. When I talk to my friends here, when we talk about the lived experience of a country that really focuses on support for people day to day—stuff that wears people down in other countries is something that really just doesn't enter your mind here. And I don't mean to brag; I very much mean to say this is something that other countries should be doing in the way Norway is doing it.¹

1.10 Throughout the inquiry, gas companies emphasised their contributions to communities through sporting sponsorship and supporting local clubs and organisations, and to improved health services and facilities in regional communities.

1.11 Access to health, education and sporting opportunities should not depend on the discretionary largesse of multinational companies. Buying social licence is not the same as providing the government with a steady tax base to provide services for all Australians.

Supporting Transition to a Clean Economy

1.12 As the world transitions away from fossil fuels, a gas export tax would also deliver billions to fund climate solutions, help households and small businesses to install solar panels and batteries to lower their power bills, and invest in clean export industries. A gas export tax could fund initiatives to address climate damage, restore and make communities more resilient to climate-fuelled disasters.

1.13 For example, the Climate Council of Australia suggested that revenue raised could be used on

- Delivering household energy upgrades, including household electrification, energy efficiency, and access to rooftop solar and home batteries—particularly for low- and modest-income households and renters. This could be delivered through an overhaul of the Household Energy Upgrades Fund.
- Accelerating the move to clean transport, by supporting the uptake of electric vehicles, investing in charging and supporting infrastructure, and

¹ Mr Ketan Joshi, Private capacity, *Committee Hansard*, 21 April 2026, p. 63.

improving the quality and uptake of shared and active transport. For example, revenue could be used to extend EV fringe-benefits tax exemptions or discounts to shared and active transport, like public transport fares or e-bike leasing.

- Boosting industry productivity with low-cost renewable energy, including co-investing in research, development, and implementation of zero-emissions mining, manufacturing, and industrial processes.²

Public Support for Change

1.14 Given the huge public benefits that would accrue from a gas export tax, it's no wonder that there has been such a groundswell of support. As Punters Politics told the committee:

Community sentiment on this issue is strong and consistent, with polling showing more than 60% of Australians support a flat 25% tax on gas exports, with electorate-level polling recording approval as high as 68–75% in specific seats.³

1.15 Even in Western Australia, the heartland of the gas industry, recent polling found 68 per cent of Western Australian voters support a 25 per cent gas export tax.⁴

1.16 If the Budget fails to listen to this massive community support, the issue will not go away. There is white-hot anger in the community, and the government can expect to remain under pressure to deliver a gas export tax.

Gas Industry Talking Points

1.17 As noted below in the Appendix, this huge level of public support has been countered by unified opposition from the gas industry.

1.18 We should not be surprised to hear arguments from the gas industry that a new tax would harm the industry, that investors would flee, and that Australia's international trade reputation would be damaged. The same arguments are made every time any reforms are proposed to claw back corporate profits.

1.19 The Norwegian Prime Minister laughs when he recounts the doomsday predictions and threats from the oil and gas industry that they would leave when Norway introduced higher taxes. Yet Norway's investment climate has only grown stronger, along with its sovereign wealth fund. In fact, INPEX – despite its strong opposition to proposed reforms in Australia – plans to invest there.⁵

² Climate Council of Australia, *Submission 27*, pp. 3–4.

³ Punters Politics, *Submission 6*, p. 1.

⁴ The Australia Institute, [Polling – gas tax and WA](#), 29 April 2026.

⁵ Mr Bill Townsend, Senior Vice-President Corporate, INPEX Australia, *Committee Hansard*, 24 April 2026, p. 48

1.20 As Dr Henry said, industry's self-serving claims should be ignored:

Any proposal to generate more tax revenue from windfall gains accruing to foreign owners of capital will draw self-serving criticism from those supplying the capital, for the most part, the CEOs of multinational corporations. Invariably, it will be asserted that the proposal elevates 'sovereign risk'. The precise nature of the risk will not be explained. But it will be asserted that its elevation raises the cost to the Australian economy of foreign sourced capital, that there will be less foreign investment, and less foreign investment means lower productivity.⁶

1.21 The Tax Justice Network Australia and the Centre for International Corporate Tax Accountability & Research took a similar view, noting:

The PRRT has been changed many times – for the benefit of the industry – and none of these changes were labelled as 'sovereign risk'.⁷

1.22 Evidence to the inquiry effectively debunked the idea that a new export levy would impact Australia's trading partners. The price of gas is largely set globally, and a levy on export revenue will not restrict volumes, cancel contracts or limit production. Numerous economic experts confirmed that an export tax would fall on producers, not their international customers. Dr Ken Henry told the committee:

Overwhelmingly the incidence falls to the shareholders of multinational companies, that's where the incidence would fall. Australia is a major gas exporter but is not a big influencer of the world price of gas.⁸

1.23 Treasury representatives also told the committee:

I think a lot of the exports are underpinned by either long term contracts where prices are relatively well established or spot sales to markets where essentially it's a global market price which has been set, so both of those factors would seem to suggest that the economic burden of any tax change would be more likely to fall on the producers.⁹

1.24 Even gas companies conceded that they would have to absorb the costs of any export tax, rather than pass them on to customers (see Appendix A, paragraph 1.315).

1.25 So, despite all the bluster about damaging trade relations, the only meaningful impact of a new export tax is multinational gas corporations taking a modest hit to their enormous profits, and Australians finally getting the benefits.

⁶ Dr Ken Henry, *Submission 8*, pp. 3–4.

⁷ Tax Justice Network Australia (TJN-Aus) and Centre for International Corporate Tax Accountability & Research (CICTAR), *Submission 13*, p. 1.

⁸ Dr Ken Henry, Private capacity, *Committee Hansard*, 21 April 2026, p. 56.

⁹ Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury, *Committee Hansard*, 22 April 2026, p. 63.

- 1.26 TJN-Aus and CICTAR noted that the real sovereign risk is in not making a change:

The only sovereign risk is that Australia will continue to generate little or no government revenue from the boom in LNG exports while rising domestic energy prices decimate local businesses and continue to put a growing strain on household budgets.¹⁰

- 1.27 Dr Ken Henry agreed:

If the sovereign risk is, rather, that the Australian Parliament might from time to time, and quite unexpectedly, make laws that are in the national interest, then this is obviously a risk premium worth paying. Avoiding reforms that are in the national interest merely in the hope of securing a lower risk premium on foreign sourced capital makes no sense.¹¹

Corporate Profits

- 1.28 The gas industry also claimed that reduced profits would make Australian projects uninvestable, and drive investors overseas. Yet modelling from ADL showed that a 25 per cent gas export tax would not reduce investment returns below the industry's own threshold for profitability, other than for already marginal projects.

- 1.29 The Future Group, who commissioned the modelling, told the committee:

The impact on the IRR—this is the return that investors get—would likely diminish by between 1½ and two per cent. So we're seeing a very minimal impact on the overall profitability of existing projects. Now, as I said, we have heard figures being thrown around about the impacts on marginal projects or projects that wouldn't get off the ground anyway. I think the important thing to realise about that is that what we want from our exports is really to collect revenue.

My other perspective on this would be that, even if there are cases where some of these projects that are hypermarginal might not be able to proceed with this level of tax, should we not take a broader step back and look at the benefits to our economy and say, 'Overall, we're far better off getting revenue in from existing projects than we are trying to protect a few marginal projects here and there that are currently delivering very limited revenue.'¹²

- 1.30 In response to claims of investor flight, the Future Group also submitted that:

History has taught us that investment has continued to flow into Australia gas projects, despite policy settings that marginally reduce profitability. Western Australia has attracted more than A\$250 billion in LNG investment

¹⁰ Tax Justice Network Australia (TJN-Aus) and Centre for International Corporate Tax Accountability & Research (CICTAR), *Submission 13*, p. 1.

¹¹ Dr Ken Henry, *Submission 8*, pp. 3–4.

¹² Ms Christina Hobbs, General Manager, Policy, Future Group, *Committee Hansard*, 21 April 2026, pp. 49–50.

while maintaining a 15 [per cent] domestic gas reservation policy since 1984.¹³

Public Investment

1.31 Many of the industry representatives participating in the inquiry talked about the significant structural differences that make comparison with Norway and Qatar's tax rates 'misleading'. For example, Australian Energy Producers told the committee:

These countries operate fiscal systems built on state ownership, state capital and mechanisms that share downside risk with investor companies.¹⁴

1.32 Those structural differences are real. But, as Punters Politics, told the committee, that misses the point:

Even allowing for structural differences, the gap [in revenue] is too large to be explained by geology or market conditions alone, it is the policy architecture. Other leading exporters have deliberately designed systems to secure a fair public share of resource wealth; Australia has not.¹⁵

1.33 It is also misleading to suggest, as many gas industry representatives have, that Australian projects rely entirely on private investment. In its submission to the 2017 Review of the Petroleum Resources Rent Tax (Callaghan Review), the Western Australian Government said:

In the 1970s and 1980s the State played a pivotal role in securing the development of the North West Shelf project through agreements, financial assistance and infrastructure provision. This project helped to provide the impetus needed to develop other State resources and established Western Australia as a prospective location for natural gas development in the face of significant global competition. If the State had not made these investments, the project would likely not have succeeded.¹⁶

1.34 The Western Australian Treasury estimates that government support of the North West Shelf project, including construction of the Dampier to Bunbury gas pipeline and take-or-pay contracts to guarantee demand, exceeded \$8 billion.

1.35 The Conservation Council of WA also told the committee:

Fossil fuel subsidies cost the Australian government approximately \$16.3 billion in 2025-26, and it is estimated that the WA government is spending \$271 million this year on support to gas and \$1.3 billion in capital spending and forward estimates spending on gas. And yet we estimate that 76 per cent of WA gas exports attract zero royalties. This is set to increase and comes amidst a pending \$60 billion clean-up and decommissioning bill deductible against the PRRT. The WA gas industry is built on the back of

¹³ Future Group, *Supplementary Submission 71.1*, [p. 9].

¹⁴ Australian Energy Producers, *Submission 69*, pp. 5–6.

¹⁵ Punters Politics, *Submission 6*, p. 2.

¹⁶ Western Australian Government, [Submission to the Review of the Petroleum Resource Rent Tax](#).

taxpayer dollars, yet it gives barely anything back and actively tries to minimise what it does give back.¹⁷

- 1.36 The Australian Government has invested \$1.5 billion in the Middle Arm Industrial Precinct and has yet to respond to the Northern Territory Government's request to fund a pipeline from the Beetaloo Basin.¹⁸ During the hearings, Woodside could not rule out seeking future government support for its Browse project.¹⁹
- 1.37 Clearly, Norway's capital structure and two-way cost arrangements differ from Australia's and explain their much higher tax and levy rates. But it is misleading to suggest that Australian taxpayers do not contribute to or share in the risk of gas projects. Australia does take on risk – we just don't currently see much reward.

Gas Reservation

- 1.38 Australian Energy Producers proposed a prospective gas reservation policy, and has supported the government's planned east coast reserve.
- 1.39 The Future Group noted that any sovereign risks associated with an export tax would also apply to a proposed domestic gas reservation:

I don't think there's anything in a revenue-raising mechanism that's particularly more alarming to an importer than there is in a reserve mechanism, if what they're worried about is pricing and volume.²⁰

- 1.40 Dr Ken Henry agreed:

... you can design an export tax in such a way that it has exactly the same impact on the proportion of gas that is supplied domestically as against the proportion that's exported. You can do that. It's not a difficult thing to do. But there's one big difference, and it's a really big difference: the gas reservation doesn't raise revenue.

So why the hell would you do that? It just doesn't make sense. It's much more sensible to achieve the same goal—that is, lower price for domestic gas and more secure supply of domestic gas—through an export tax than through a gas reservation policy. And, if you don't have enough confidence in the logic of markets to allow the price mechanism to deliver that, then by all means apply the gas reservation policy as well to achieve the outcome

¹⁷ Mr Matt Roberts, Executive Director, Conservation Council of Western Australia, *Committee Hansard*, 24 April 2026, pp. 57–58.

¹⁸ See Matt Cunningham, "[Undermining confidence': NT Chief Minister Lia Finocchiaro blasts 'activists' driving push for fresh gas export tax as firms close in on Beetaloo Basin production](#)", *Sky News*, 23 April 2026.

¹⁹ Woodside Energy, answers to questions on notice, 24 April 2026 (received 1 May 2026), [p.2]

²⁰ Ms Christina Hobbs, General Manager, Policy Future Group, *Committee Hansard*, 21 April 2026, p. 52.

that you intend the export gas tax to achieve. By all means do that, but it shouldn't be necessary.²¹

Environmental Compliance and Decommissioning

- 1.41 Another systemic failure of the PRRT is that companies can deduct the costs of environmental compliance, clean up and decommissioning. The cost of cleaning up an oil spill or a gas leak can be offset against a company's liability to pay for the oil and gas.
- 1.42 The purchase and surrender of Australian Carbon Credit Units for compliance with the Safeguard Mechanism can also be deducted for PRRT purposes.²²
- 1.43 Future decommissioning and rehabilitation costs are contributing to falling PRRT revenues and downward revisions to projected future revenues. The 2025-26 Mid-Year Economic and Fiscal Outlook (MYEFO) downgraded the estimate of PRRT revenue in the 2025-26 Budget by \$1.5 billion over four years in part due to 'an increase in credits for decommissioning expenditure incurred by projects no longer producing'.²³
- 1.44 Gaming the system by offsetting billions in decommissioning costs against PRRT liabilities will further erode any returns to Australian taxpayers. Even more alarmingly, Professor John Chandler noted:

If all that is deductible and can be set against PRRT that has been paid and income tax that has been paid, the impact would be that, in fact, the company could get a refund of tax it has already paid. So the sort of a problem you could be facing is that the amount of tax that has been collected has been too low, but, not only that, you're having to give it back.²⁴

- 1.45 Professor Chandler shared examples of this happening in the UK. The ATO confirmed it can also happen in Australia:

Refundable PRRT credits may be available for closing down (decommissioning) costs incurred after a project has permanently ceased production.... Where a project has not permanently ceased production, decommissioning costs form part of PRRT general expenditure and may be applied against assessable receipts to reduce PRRT payable. Once a decision has been made to permanently cease production in a PRRT project, the expenditure is closing-down expenditure and PRRT taxpayers may be entitled to a refund.²⁵

²¹ Dr Ken Henry, Private Capacity, *Committee Hansard*, 21 April 2026, p. 57.

²² See Australian Taxation Office, answers to questions on notice, 22 April 2026 (received 1 May 2026), [p. 10].

²³ Treasury, [Mid-Year Economic and Fiscal Outlook 2025–26](#), p. 65.

²⁴ Professor John Chandler, Private capacity, *Committee Hansard*, 24 April 2026, p. 2.

²⁵ See Australian Taxation Office, answers to questions on notice, 22 April 2026 (received 1 May 2026), [p. 9].

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- 1.46 Regardless of any changes to export taxation, the deduction regime for future decommissioning liabilities should be urgently reviewed.
- 1.47 The Australian offshore oil and gas decommissioning liability estimate 2025 report estimates that industry will spend \$43.6 billion (\$66.8 billion adjusted for inflation) to decommission infrastructure in Commonwealth waters in coming decades. More than half will occur before 2040.²⁶
- 1.48 That's billions that companies will offset against unrelated profits, or to claim a refund from the Australian taxpayer.
- 1.49 Gas companies make a fortune in exploiting our resources. They should be required to pick up the tab for cleaning up their mess, not taxpayers.

Industry Influence

- 1.50 Given the level of support for a gas export tax or related reforms from economists, no-industry stakeholders and the general public, and the opportunity to raise revenue, it seems curious that neither of the major parties are willing to support the tax.
- 1.51 The influence of the fossil fuel industry over State and Federal policy making in Australia is well documented. Fossil fuel companies and their peak bodies – including Santos, Woodside, Chevron and Australian Energy Producers – contributed millions in political donations and 'other receipts' to Labor and the Coalition during the last election cycle.²⁷ Over the past decade, the mining and fossil fuel sector has disclosed tens of millions in political donations.
- 1.52 Donations buy privileged access, and that access contributes to the 'revolving door' dynamic in which fossil fuel executives, politicians, and senior bureaucrats move between roles in industry and government:
- Recent events point to a system where paid access to political decision-makers, the movement of personnel between political offices and industry roles, and limited transparency in lobbying activities shape policy outcomes in ways that are not always visible to the public.²⁸
- 1.53 Beyond formal lobbying, access is reinforced through exclusive (and expensive) fundraising events where fossil fuel executives can rub shoulders with decision-makers. At hearings, Australian Energy Producers told the committee that they

²⁶ Xodus, [Australian Offshore Oil & Gas Decommissioning Liability Estimate 2025: Liability Report](#), prepared for Department of Industry, Science and Resources, April 2025.

²⁷ Climate Integrity, ['Dirty Data: How coal and gas money fueled 2025 election campaigns'](#), *Media Release*, February 2026.

²⁸ Punter's Politics, *Submission 6*, p. 6.

expected to attend upcoming Budget events held by the Treasurer and the Shadow Treasurer.²⁹

- 1.54 The system is broken when corporations wield more power over our government than the people who elect them. It needs to change.

Tax Transparency

- 1.55 As the Appendix below acknowledges, lack of reliable, consistent and timely data makes it difficult to ensure gas companies are paying their fair share. The ATO cannot disclose specific payments, the latest ATO Corporate Tax Transparency report is for 2023–24, and data is published at entity, rather than project, level.

- 1.56 As the Australian Conservation Foundation noted:

ATO tax transparency reporting lags by several years. So we don't know what recent payments have been made in the last two financial years, and we think that's an important part of this inquiry, not only to understand the extent that the Australian public is getting value for publicly owned resources under a PRRT or alternative royalties regime but also to understand the extent that multinational gas corporations are behaving as good faith corporate actors in the system.³⁰

- 1.57 ConocoPhillips Australia also called for reforms to the ATO tax transparency report and related guides to achieve 'a more complete assessment of tax arrangements'.³¹

The Time Is Now

- 1.58 The gas industry has run the line that Australia's gas is an important bargaining chip in liquid fuel negotiations with trading partners during the current conflict in the Middle East, and any new tax would threaten fuel security.

- 1.59 We are pleased that the committee agreed that the government should revisit this issue once the current conflict is resolved, but there is really no reason to delay.

- 1.60 As outlined above, a new tax on the export of Australian gas will not impact existing contracts with regional trading partners or global prices. The Middle East conflict must not be used as a cover to avoid meaningful tax reform ahead of a period of expected windfall profits.

- 1.61 Despite hand-wringing from government and industry that now is not the time for a new tax, evidence to the inquiry made clear that now is very much the time.

²⁹ Ms Samantha McCulloch, Chief Executive Officer, Australian Energy Producers, *Committee Hansard*, 24 April 2026, p. 37.

³⁰ Mx Annika Reynolds, National Climate Policy Adviser, Australian Conservation Foundation, *Committee Hansard*, 21 April 2026, p. 33.

³¹ ConocoPhillips Australia, *Submission 24*, [pp. 2–3].

And, as the world transitions to renewable energy sources, the window for capturing meaningful revenue from gas exports is closing.

- 1.62 Global gas demand (especially in Asia) is plateauing, at the same time as new supplies from the US will create a risk of over-supply in the market. Market Forces analysis shows key existing LNG export markets contracting away from exported Australian gas:

While this transition will not happen overnight, it is undoubtedly gathering momentum. As such, Australia must prioritise collecting fair revenues from its oil and gas resources while it still can.³²

- 1.63 Similarly, the Future Group warned:

[T]he window of opportunity for capturing this revenue is closing quickly and we can't afford a delay, where we say, 'Oh well. We've done some tinkering, and it didn't work again. Let's try again in five or 10 years time,' because the opportunity simply won't be there.³³

- 1.64 The time is now. The experts say we need it. The public wants it. The government should cut the crap and just do it.

Recommendation 1

- 1.65 That the Australian Government replace the PRRT on gas profits with a flat tax of at least 25 per cent on gas export revenue.**

Recommendation 2

- 1.66 That revenue generated from a gas exports tax be used to ease cost of living pressures, accelerate the transition to clean energy, and support climate resilience measures.**

Recommendation 3

- 1.67 That transparency around gas taxation be strengthened by:**

- **Requiring the ATO Corporate Tax Transparency report to present data for the most recent financial year, including details for each project, company, and entity of total expenditure, transferred expenditure, taxable profits, carry-forward expenditure and PRRT paid;**
- **Close loopholes around related-party transactions;**
- **Accelerate and strengthen multinational tax transparency and anti-avoidance measures, to prevent gas companies avoiding corporate income tax;**

³² Market Forces, *Submission 5*, [p. 7].

³³ Ms Christina Hobbs, General Manager, Policy, Future Group, *Committee Hansard*, 21 April 2026, p. 50.

- That the government commission an independent review of future decommissioning liabilities to ensure the taxpayer is not picking up the bill;
- That the government amend the Commonwealth Electoral Act to prohibit political donations from harmful industries, including fossil fuel corporations.

Senator Steph Hodgins-May
Chair
Greens Senator for Victoria

APPENDIX A – SUMMARY OF EVIDENCE

Introduction

- 1.68 The appropriate taxation system for Australia's onshore and offshore oil and gas resources has been a subject of debate for many years. In the 2017 Review of the Petroleum Resources Rent Tax (the Callaghan Review), the objective of an effective system was described as one that achieves a fair return to the community for the extraction of finite petroleum resources (which can fund essential public services) without unduly discouraging capital investment.³⁴
- 1.69 The Callaghan Review (discussed in more detail in Chapter 2) reported community concerns that Petroleum Resource Rent Tax (PRRT) revenues were declining and not providing the Australian people with an equitable return, and that some large projects may never pay any PRRT. In contrast, the gas industry argued that the system was designed to recognise significant risk and upfront investment. They argued that projected returns when projects became cash positive in coming years, coupled with job creation, income and corporate tax, royalties, and indirect benefits, would make a significant contribution to the Australian economy.³⁵
- 1.70 In the nearly 10 years since the review, Australia's gas export volumes and related revenues have grown significantly (including a surge in profits following Russia's invasion of Ukraine), PRRT deductions have been capped at 90 per cent of total PRRT liability, a larger number of entities are liable to pay PRRT, and PRRT revenues from gas have not consistently risen (see Table 1.1). Community concerns that the PRRT does not generate adequate returns for a publicly owned resource have also grown stronger (see 'Community benefits' below).

Table 1.1 PRRT payment between the 2013-2024 and 2023-2024 financial years from ATO data

Financial year	Number of legal entities paying PRRT	Number of corporate groups paying PRRT	Amount of PRRT paid (billions)
2013–2014	12	9	\$1.77
2014–2015	12	10	\$1.20
2015–2016	9	7	\$0.85
2016–2017	14	11	\$0.95
2017–2018	9	7	\$1.16

³⁴ Treasury, [Review of the Petroleum Resource Rent Tax - Final Report](#), 28 April 2017, p. 13.

³⁵ Treasury, [Review of the Petroleum Resource Rent Tax - Final Report](#), 28 April 2017, p. 10.

2018–2019	11	8	\$1.06
2019–2020	12	8	\$0.88
2020–2021	10	7	\$0.93
2021–2022	11	7	\$2.00
2022–2023	11	6	\$1.87
2023–2024	16	10	\$1.48

Source: Tax Justice Network Australia and Centre for International Corporate Tax Accountability & Research, Submission 13, p. 2

- 1.71 In this context, this committee has been tasked with reconsidering whether Australians currently receive enough reward from companies that process and export the gas resources that belong to the nation through the current tax system.
- 1.72 Some evidence presented to the committee has suggested that the current approach to taxation is appropriate, sufficient and effective. Gas industry representatives argued that changes to the PRRT, increased state royalties, and an expected domestic reservation scheme for east coast gas would collectively ensure a fair return and protection of supplies.
- 1.73 Other evidence suggested that returns for Australian gas lag well behind international norms and Australians do not receive sufficient reward for the use of our incredibly valuable – but ultimately finite – natural resources. Witnesses pointed out that industry windfall profits in recent years, especially those related to conflicts in Ukraine and the Middle East, had not resulted in a proportionate increase in PRRT payments. Evidence to the committee called for reform to ensure that Australians actually benefit from expected ongoing high global energy prices.
- 1.74 Although a range of measures were canvassed for the reform or redesign of Australia's tax system regarding the gas industry, much of the discussion centred on a 25 per cent flat tax on gas exports.
- 1.75 To provide context on these questions, the following matters are outlined in this opening chapter:
- the Australian oil and gas industry;
 - the current framework for taxation of gas resources, including:
 - the PRRT;
 - Commonwealth and state royalties;
 - the offshore petroleum levy; and
 - crude oil excise.

- 1.76 The section 'Recent reviews of gas taxation' outlines previous Australian Government reviews of the PRRT and the gas market, which have led to recent reforms.

The Australian oil and gas industry

- 1.77 The Australian Government and state and territory governments manage Australia's mineral and petroleum resources on behalf of all Australians. Taxes and royalties should ensure that the Australian community receives adequate returns on the use of these national non-renewable resources.³⁶
- 1.78 Gas is Australia's third largest energy resource and gas resources have increased more than fivefold over the past 40 years.³⁷ The vast majority of Australian Liquefied Natural Gas (LNG) is exported and sold into the Asia Pacific Market, under long-term bilateral contracts, which are linked to the price of oil.³⁸
- 1.79 Australia's oil and gas industry is underpinned by substantial petroleum reserves, and Australia is a leading global market participant. Over time, the focus of Australia's oil and gas industry has shifted towards gas development, due to limited new oil discoveries and the discovery of major new gas reserves underpinning substantial investment in new supply capacity.³⁹
- 1.80 The Australian gas industry plays a critical role in the national economy, contributing around 3.7 per cent of Australia's gross domestic product (GDP).⁴⁰

Current framework for taxation of Australian oil and gas

- 1.81 A key component of the current framework for taxation of oil and gas in Australia is the PRRT, which was introduced in 1988. It is significant to note that, while this tax was originally designed for oil extraction, it now principally applies to offshore gas fields.⁴¹
- 1.82 Revenue is also collected by governments from gas companies through royalties, the offshore petroleum levy, and the crude oil excise.

³⁶ Department of Industry, Science and Resources (DISR), [Taxes, royalties and export controls on minerals and petroleum](#).

³⁷ Treasury, [Review of the Petroleum Resource Rent Tax - Final Report](#), 28 April 2017, p. 17.

³⁸ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 24.

³⁹ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 17.

⁴⁰ Australian Energy Producers, [Australian gas industry's \\$105 billion boost to the economy](#), 20 February 2025.

⁴¹ DISR, [Taxes, royalties and export controls on minerals and petroleum](#).

Petroleum Resource Rent Tax (PRRT)

1.83 The PRRT is a profits-based tax designed to capture revenue from Australia's oil and gas resources, without discouraging the investment of private capital in identifying and developing those resources.

1.84 The Callaghan Review (discussed further below) provided the following outline:

The PRRT, which came into effect in 1988, aims to capture the 'economic rent' associated with the development of petroleum resources. The economic rent refers to returns in excess of those necessary to attract commercial investment into the activity. Since these 'excess' returns are in part a function of the scarcity of petroleum resources, which are owned by the Australian community, it was considered equitable to share these returns. Because the PRRT is a profit-based tax, it not only captures the upside of rising petroleum prices, but also avoids the problems of an excise or royalty regime which are considered to discourage activity and investment in marginal projects.⁴²

1.85 The Australian Taxation Office (ATO) commented in its Corporate Tax Transparency Report 2023-24:

The petroleum resource rent tax (PRRT) taxes profits generated from the sale of marketable petroleum commodities above a specified rate of return. PRRT is paid when a petroleum project's total assessable receipts exceed total eligible expenditure.⁴³

1.86 The ATO provided an overview of the operation of the PRRT in its submission:

An entity will be liable to pay PRRT where that entity earns a taxable profit in relation to an offshore petroleum project. PRRT is levied at the rate of 40% of taxable profits.

PRRT is payable in addition to income tax, however an entity paying PRRT in a financial year will be entitled to a deduction for income tax purposes in that year. Conversely, where an amount of PRRT is refunded (upon closing down the project), the entity will include that amount as part of their assessable income for income tax purposes.⁴⁴

1.87 The ATO further noted some key features of the PRRT include:

- a. deductibility of eligible exploration, development and operating expenditures (including decommissioning);
- b. uplift of carried-forward losses at legislated rates;
- c. ring-fencing of deductions to individual projects; and
- d. arm's-length pricing rules.⁴⁵

⁴² [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 2.

⁴³ Australian Taxation Office (ATO), [Corporate tax transparency report 2023–24](#), 2 October 2025.

⁴⁴ ATO, *Submission 65*, p. 8.

⁴⁵ ATO, *Submission 65*, p. 8.

- 1.88 An entity has a 'taxable profit' in a tax year for a 'petroleum project', if its assessable PRRT receipts are greater than its deductible expenditure.⁴⁶ Taxable profit is calculated by subtracting deductible expenditure and transferred exploration expenditure for a project from the assessable receipts (that is, income) for the project.⁴⁷
- 1.89 The types of assessable receipts that may be derived in a financial year in relation to a project for the purposes of the PRRT are for:
- petroleum;
 - tolling;
 - exploration recovery;
 - property;
 - miscellaneous compensation;
 - employee amenities; and
 - incidental production.⁴⁸
- 1.90 Deductible expenditure broadly includes expenditure that is directly incurred in relation to the petroleum project and includes costs associated with exploration, development, operation and cessation of project activities. Some expenditure, including project financing costs, certain indirect payments and payments in respect of administration and accounting activities, is not deductible.⁴⁹
- 1.91 In evidence to the inquiry, the ATO confirmed that, as at 2023–24, carry-forward expenditure for gas projects was \$282.6 billion, which can be used to offset against revenue to reduce taxable profits and PRRT liability.⁵⁰ Decommissioning costs are a factor in falling PRRT revenues and downward revisions to projected future revenues (see under 'Current returns for Australian gas resources').

⁴⁶ A 'petroleum project' exists where there is a production licence in force. One licence can form the basis of a petroleum project, or two or more sufficiently related production licences can be combined to form a single project. A petroleum project can also include activities conducted in relation to the project, which physically take place outside of the production licence area. See: [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 131.

⁴⁷ [Review of the Petroleum Resource Rent Tax - Final Report](#), pp. 131–136; ATO, [Review of the Petroleum Resource Rent Tax: ATO submission](#).

⁴⁸ *Petroleum Resource Rent Tax Assessment Act 1987*, s. 23.

⁴⁹ ATO, [Review of the Petroleum Resource Rent Tax: ATO submission](#). Note further detail on deductible expenditure, including for exploration and for closing down projects is available in the ATO's submission.

⁵⁰ Ms Suzie Emery, Assistant Commissioner, Public Groups Engagement, Australian Taxation Office, *Committee Hansard*, 22 April 2026, p. 57.

Royalties

- 1.92 The Commonwealth and state governments receive some other revenue from oil and gas projects, mostly in the form of royalties.⁵¹
- 1.93 Commonwealth royalties only apply to the offshore North West Shelf project, which is also subject to PRRT and the crude oil excise.⁵² The states collect royalties for onshore petroleum resources and those within nearby coastal waters.⁵³ Royalties are levied at between 10 and 12.5 per cent of what is known as the 'wellhead value' – this is the point of valuation closest to the petroleum extraction point.⁵⁴
- 1.94 Origin Energy observed that Queensland's royalty scheme was a significant differentiating factor between the east coast and west coast gas markets, which should be taken into account in designing a federal tax system:
- The Queensland royalties based system pays upfront, so the Queensland government receives royalties from every molecule of gas produced from day one, whereas the offshore system is more of a true superprofits system where the superprofits are only paid once all the capital investment is recovered. They've got pluses and minuses ... but I think the main thing when we're making investments in Australia is that we know what the rules are that we're making the investments under.⁵⁵
- 1.95 Where a state or territory has introduced a resource rent royalty and negotiates a revenue sharing agreement with the Commonwealth, Commonwealth excise can be waived on particular onshore projects. This is currently only the case for the Barrow Island project, located off Western Australia.⁵⁶
- 1.96 Finally, petroleum produced in the Joint Petroleum Development Area, in the Timor Sea, is subject to terms outlined in an agreement setting out the percentage of production that each party will receive after the participating parties have recovered a specified amount of costs and expenses.⁵⁷

Offshore petroleum levy

- 1.97 A further component of the Australian framework is the Offshore Petroleum Levy (OP Levy). This imposes a temporary levy on offshore petroleum production, to recover decommissioning and remediation costs associated with

⁵¹ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 111.

⁵² [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 111.

⁵³ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 114.

⁵⁴ [Review of the Petroleum Resource Rent Tax - Final Report](#), pp. 111 and 114.

⁵⁵ Mr Tim O'Grady, General Manager, Government Engagement, Origin Energy, *Committee Hansard*, 22 April 2026, pp. 39–40.

⁵⁶ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 113.

⁵⁷ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 114.

the Laminaria and Corallina oil fields after the former owner of the Northern Endeavour went into liquidation and the Commonwealth took on this responsibility. The levy is proposed to apply to 1 July 2029 unless terminated earlier.⁵⁸

Recent reviews of gas taxation

1.98 There have been a number of recent reviews of the Australian approach to taxing gas resources, including the Petroleum Resource Rent Tax (PRRT), which have resulted in some reforms. These include:

- Petroleum Resource Rent Tax Review (Final Report, April 2017);
- Petroleum Resource Rent Tax: Review of Gas Transfer Pricing Arrangements (Final Report, May 2023);
- Australian Competition and Consumer Commission (ACCC) Gas Inquiry 2017–30 reports; and the
- Gas Market Review (Review Report, December 2025).

Petroleum Resource Rent Tax Review (2017)

1.99 In 2016, the Turnbull Government announced that Michael Callaghan PSM would lead a review into the design and operation of the PRRT (the Callaghan Review). The Callaghan Review examined the operation of the PRRT, the crude oil excise and associated Commonwealth royalties.⁵⁹

1.100 The final report of the Callaghan Review found that:

The overall assessment is that while the PRRT remains the preferred way to achieve a fair return to the community for the extraction of petroleum resources without discouraging investment, changes should be made to PRRT arrangements to make them more compatible with the developments that have taken place in the Australian oil and gas industry.

In considering the extent and timing of any changes to the PRRT, however, allowance has to be made for the very large recent investment in the Australian petroleum sector on the basis of long-standing taxation arrangements. The overall stability of the PRRT has contributed to this large investment. Given the range of uncertainties involved in large, long-term petroleum investments, stability in fiscal settings is an important factor influencing a country's investment attractiveness. Moreover any substantial change to the PRRT should be the outcome of a considered, comprehensive and consultative process.⁶⁰

1.101 The report found that the PRRT was not discouraging investment in Australia's gas industry. However, in doing so it noted that industry did face considerable uncertainty in some areas, including:

⁵⁸ ATO, *Submission 65*, p. 9.

⁵⁹ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 2.

⁶⁰ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 3.

... project planning and execution. Possible changes to oil prices, exchange rates, costs of production and production volumes are among the many risks that need to be addressed. Also influencing investment decisions is Australia's high cost structure. Given such influences, stable fiscal settings are important for companies planning long-term petroleum investments. The overall stability of the PRRT has contributed to the very large investment in the Australian petroleum industry.⁶¹

1.102 The Callaghan Review also found that the PRRT was better suited to taxing oil projects than gas projects. This view was supported by the Superpower Institute in its submission to this inquiry, who told the committee at a public hearing that:

The PRRT was designed at a time when I think it was specifically targeted at the oil industry. Since then the LNG industry has become quite large. One of the features of the LNG industry is that there are quite substantial upfront capital costs. What happens is that those costs are carried forward under the PRRT and uplifted at the bond rate plus a premium on the bond rate. That creates an effective shield on the amount of tax paid under the PRRT, which is particularly acute in the gas sector, but not so much in the oil sector.⁶²

1.103 Despite this, one of the Callaghan Review's conclusions was that:

The fact that PRRT revenue has been declining and is not rising in line with the increase in LNG production does not of itself indicate that the Australian community is not receiving an equitable return from the development of its resources.⁶³

1.104 The Callaghan Review found:

The PRRT has generated over \$33 billion in revenue since payments were first made in 1989-90. The reduction in PRRT revenue from 2002-03 to 2015-16 reflects subdued oil and gas prices, declining production in mature projects, growing deductible expenditure from the recent large investment in new projects and the transfer of exploration expenditure between companies in wholly owned groups. The large stock of deductible expenditures will curtail PRRT revenue for a number of years notwithstanding the increase in LNG production. Under the PRRT arrangements, tax only becomes payable once projects become cash flow positive, meaning all expenditure has been deducted. The cost of developing many of these new projects is significantly higher than originally planned when the decision was taken to proceed, and oil prices are significantly lower. If current oil prices prevail for an extended period, the profitability of these projects will be substantially lower than expected when the decisions were taken to proceed with these projects, as will PRRT revenue to the Government.⁶⁴

⁶¹ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 10.

⁶² Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, p. 21.

⁶³ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 10.

⁶⁴ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 10.

1.105 The report made 12 recommendations to update and improve the integrity, efficiency, and administration of the PRRT with a view to ensuring a greater tax benefit for Australians. These focussed on two areas:

First, a process to update the design of the PRRT with resulting changes only applying to new projects (as defined in the PRRT legislation) from a date to be specified. Second, changes to improve the integrity, efficiency and administration of the PRRT that should apply to existing and new PRRT projects.⁶⁵

1.106 On existing projects, the report recommended consideration be given to transfer pricing arrangements to ensure consistency, and:

... to identify possible changes that would achieve greater simplicity and transparency, ease of compliance, and fair treatment of the economic rent from each stage of an integrated petroleum operation.⁶⁶

1.107 The government response supported, or supported in principle, most of the Callaghan Review's recommendations and noted that a number of these had been or were being addressed. One of these recommendations was that Treasury review the PRRT, including a review of the gas transfer pricing arrangements.⁶⁷

PRRT Review of Gas Transfer Pricing Arrangements (GTP Review) (2023)

1.108 A review of PRRT Gas Transfer Pricing Arrangements (GTP Review) was initiated from a recommendation of the Callaghan Review, and presented its final report in May 2023. Its introduction noted:

There have been significant developments in global energy markets and local energy demand since the commencement of the Review, including the increasing importance of gas in supporting the transition to low-emissions energy generation and the changing role of LNG in supplying gas to Western Australia and the Northern Territory. The Government has introduced a number of reforms to support this transition, consistent with many companies' plans to achieve net zero emissions, while also ensuring affordability and certainty of energy for households and businesses.

Given these developments, and the Callaghan Review finding that 'a change to the transfer pricing arrangements could have major implications for existing projects', Treasury has considered alternative approaches consistent with the overall intent of the PRRT to ensure the Australian community receives an equitable return for the extraction of its oil and gas resources, while not discouraging investment in exploration and development in the industry.⁶⁸

⁶⁵ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 3.

⁶⁶ [Review of the Petroleum Resource Rent Tax - Final Report](#), p. 14.

⁶⁷ Treasury, [Government response to the Petroleum Resource Rent Tax Review](#), 2 November 2018, p. 8.

⁶⁸ [Petroleum Resource Rent Tax: Review of Gas Transfer Pricing Arrangements](#) (GTP Review), 7 May, 2023, p. 4.

1.109 The GTP Review further highlighted the shortcomings of the PRRT as it applies to the liquefied natural gas (LNG) industry, and made a further 11 recommendations to update and improve the PRRT.⁶⁹

1.110 In response to these recommendations, the government made a number of changes, including introducing a cap on the use of deductions to offset assessable PRRT income of certain LNG producers under the PRRT. It also:

- updated the PRRT anti-avoidance rules to clarify their application to the Petroleum Resource Rent Tax Assessment Regulation 2015; and
- modernised the PRRT to accommodate emerging developments in LNG project structures including tolling arrangements, better reflect the contributions and risks of the notional entities that comprise the LNG value chain, align the PRRT regulations with current transfer pricing practices and provide appropriate integrity rules for the regime.⁷⁰

1.111 In a media release announcing the reforms, Treasurer Jim Chalmers MP, said:

These changes mean the offshore LNG industry pays more tax, sooner, provide industry and investors policy certainty to allow the sufficient supply of domestic gas, and ensure Australia remains a reliable international energy supplier and investment partner.⁷¹

1.112 In evidence to this committee, Treasury confirmed that the government had no further plans to revisit the outstanding recommendations of the GTP Review.⁷²

Ongoing Gas Inquiry from 2017 to 2030

1.113 On 19 April 2017, the Australian Government directed the ACCC to conduct a wide-ranging inquiry into the supply of and demand for wholesale gas in Australia, as well as to publish regular information on the supply and pricing of gas for the next three years. Subsequently, this inquiry was extended to 2030.⁷³

1.114 In holding the inquiry, the ACCC was directed to inquire into:

- measures to improve the transparency of gas supply arrangements in Australia;

⁶⁹ GTP Review, pp. 4–5.

⁷⁰ [Government response to the Review of the PRRT Gas Transfer Pricing Arrangements](#).

⁷¹ The Hon Dr Jim Chalmers MP, Treasurer, '[Implementing reforms to the Petroleum Resource Rent Tax](#)', *Media Release*, 6 August 2024.

⁷² Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury, *Committee Hansard*, 22 April 2026, p. 55.

⁷³ In July 2019, the then Treasurer the Hon Josh Frydenberg MP extended the ACCC's inquiry until December 2025. On 25 October 2022 the government further extended its work to 2030. ACCC, [Gas inquiry 2017–30 reports](#).

- the supply by persons in the gas industry (including without limitation gas producers and gas retailers) of, and demand for, natural gas extracted or produced in Australia, or imported into Australia; and
- the supply of, and demand for, natural gas transportation services in Australia by persons in the gas industry (including without limitation gas pipeline operators and other persons who have access to pipeline capacity).⁷⁴

1.115 Since 2017, the ACCC has published 28 interim reports as part of its gas inquiry (as at 5 May 2026).⁷⁵ These reports are all available on the ACCC website.⁷⁶

Commonwealth Gas Market Review

1.116 In December 2025, the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and the Department of Industry, Science and Resources (DISR) undertook a review of the:

- Australian Domestic Gas Security Mechanism (ADGSM);
- the Gas Market Code (the Code);
- the Heads of Agreement with east coast LNG exporters; and
- the regulatory environment to support investment certainty (the Commonwealth Gas Market Review).⁷⁷

1.117 This review made a number of findings and recommendations, including that:

- Australia will soon be at risk of structural supply shortfalls of gas;
- as Australian gas demand is primarily driven by LNG exports and domestic use for industry, households and electricity, to avoid shortfalls, exports will need to reduce and/or domestic supply must increase;⁷⁸
- higher domestic prices are driven by factors such as falling southern production, linking of domestic prices to higher export prices, higher production and transport costs, and geopolitical factors;⁷⁹
- while the ADGSM, the Code, and Heads of Agreement with east coast LNG exporters have achieved near term objectives including averting short term

⁷⁴ ACCC, [Terms of Reference – gas market transparency measures 2017](#).

⁷⁵ ACCC, [Gas inquiry 2017–30 reports](#).

⁷⁶ The most recent report at the time of tabling was the inquiry's 28th interim report, which 'continues [the ACC's] focus on the operation of the east coast gas market, providing updates on the ' supply-demand outlook with a particular focus on Q3 2026', as well 'as prices agreed under long-term contracts in the last quarter of 2025, for volumes to be supplied in 2026 and 2027'. It also reports on the ACCC's review of the LNG netback price series.' See ACCC, [Gas inquiry March 2026 interim report](#) (1 April 2026).

⁷⁷ Department of Climate Change, Energy, the Environment and Water (DCCEEW) and DISR, [Gas Market Review Report](#), December 2025.

⁷⁸ [Gas Market Review Report](#), p. 7.

⁷⁹ [Gas Market Review Report](#), p. 10.

gas shortfalls, these emergency reforms have not been able to establish sufficient long term investment certainty and need to evolve to address the long term, structural challenges facing Australian gas markets;⁸⁰

- a well-designed domestic gas reservation scheme would address forecast gas shortfalls and ensure domestic energy security, exert downward pressure on price and avoid 'scarcity pricing' outcomes in domestic markets, through the assurance of adequate gas availability;⁸¹ and
- gas market transparency would be improved by expanding the Australian Energy Market Operator's reporting remit on the Gas Bulletin Board, supported by timely and appropriate information sharing arrangements with other energy market bodies and the ACCC, minimising duplicative information collection regimes.⁸²

Current returns for Australian gas resources

1.118 There was strong support in evidence for the concept that Australia's natural resources are owned by the Australian Government on behalf of the Australian people, and it is fair and proper that Australians derive full benefit from the use of these resources. On this, Dr Ken Henry told the committee that:

The gas resources we're talking about here were created millions of years ago. They are part of the natural endowment that this continent provides for the people of Australia, including for future generations of Australians. The people of Australia, because we have a democratic system of government, entrust elected officials, people like you, to look after their interests in respect of those natural resources, to ensure that the commercial benefits of those natural resources accrue to them and not to anybody else—or, if they do accrue to anybody else, it's for a reason that lifts the living standards of Australians.

... Australia's domestic usage of these resources is only a tiny fraction of the exports of these resources. How do the Australian people get to benefit from that? Almost overwhelmingly, the only way the Australian people get to benefit from that is through the operation of the taxation system. People will say, in respect of the taxation of gas, that the petroleum resource rent tax does a bit. And it's true it does a bit, but that's the point. It does such a tiny bit that anybody should be embarrassed to use that as an argument for not changing the taxation arrangements.⁸³

1.119 The Australian Council of Trade Unions (ACTU) submitted:

Taxation makes a positive contribution to society by ensuring available funding for quality public services, including the health and education systems; ensuring a strong welfare and support system; and redistributing

⁸⁰ [Gas Market Review Report](#), pp 7–8.

⁸¹ [Gas Market Review Report](#), pp. 8 and 10.

⁸² [Gas Market Review Report](#), pp. 13–14.

⁸³ Dr Ken Henry, private capacity, *Committee Hansard*, 21 April 2024, p. 55.

income and wealth to build a fairer and more equal society. A strong revenue base ensures the Government's fiscal position is on a sound footing to allow discretionary spending to support households facing difficult circumstances. The current cost-of-living crisis affecting workers highlights the need for a sound fiscal position that can provide targeted and meaningful support and relief for those members of society who are feeling prices pressures most acutely.⁸⁴

1.120 This chapter considers the current and projected revenue raised through the Petroleum Resource Rent Tax (PRRT), royalties, and other taxes paid by gas companies.

1.121 The chapter also compares revenue to rates of return in other jurisdictions and other industries and considers the potential economic impacts of proposed reforms.

1.122 Much of the evidence before the committee discussed whether Australians were receiving sufficient rewards from our gas resources through current approach to taxation, particularly the PRRT. Table 1.1 shows PRRT payments since 2012.

1.123 The ACTU submitted that:

PRRT revenue came in at only \$1.48B in 2023–2024, despite elevated global LNG prices driving increased export revenue. In the same year, for example, Santos took in \$8.3 billion, while Chevron took in \$26.9 billion. The former paid only \$213M in PRRT, while the latter paid \$0. According to ABS trade in goods and services data for the rolling 12 months ending in June 2024, Australian LNG export revenues reached a total of \$68.6 billion—of which the PRRT took in only a paltry 2%.⁸⁵

1.124 Dr Richard Denniss of the Australia Institute told the committee:

Most of the PRRT that's paid today is paid by legacy oil production, not even by gas in these enormous new basins. The Treasury informed the Senate a couple of years ago that not a single new offshore gas project had paid any PRRT. I trust they've got access to more data than I do, but we can see from the figures that there's not much there. We can see from the figures that, after Ukraine was invaded and the price went through the roof, it didn't go up. And we heard from the Treasury that they hadn't paid any at all, at least in 2023. Frankly, I don't think it would matter if you left it in place and put an export tax on. Personally, if you swapped one for the other, I think we would be so much better off.⁸⁶

1.125 Dr Denniss explained further:

... the concept, the underlying principle—the theory, if we want to use that ... word—behind the PRRT was that Australians deserve a fair share for

⁸⁴ Australian Council of Trade Unions (ACTU), *Submission 75*, p. 1.

⁸⁵ ACTU, *Submission 75*, p. 2.

⁸⁶ Dr Richard Denniss, Co-Chief Executive Officer, Australia Institute, *Committee Hansard*, 21 April 2026, p. 4.

their oil and gas, and we designed that system decades ago to get it. It just clearly hasn't delivered.⁸⁷

1.126 The ACTU observed shortcomings in the PRRT:

Australia is consistently among the top three LNG exporting countries in the world. The PRRT is the tax mechanism meant to ensure that the Australian people get a fair return from the export of gas resources that we, collectively, own. It is failing.

The PRRT is riddled with complex loopholes and exemptions that fundamentally undermine its efficacy. For example, it allows for the deduction of all exploration costs and for these deductions to be transferred between projects, allowing companies to evade liability when the exploration expenses for any one project exceed their taxable profit. It allows for deductions to compound at unusually high rates every year, meaning operators can deduct far more from their PRRT payments than they actually spend on deductible activities. And from the very outset it excludes all gas project profits derived from 'downstream' activities (as opposed to 'upstream' extraction), which are arbitrarily and falsely assumed to represent 50% of total profits on all projects.

The result speaks for itself. While Australian gas export revenues have skyrocketed since the 1990s, PRRT revenue has flatlined at an anaemic level. In 2022–23, the PRRT raised just \$1.87 billion from 11 projects. Two thirds of projects subject to the tax, including Gorgon, Prelude and Pluto, paid zero PRRT, and many projects do not expect to pay PRRT at any stage.⁸⁸

1.127 A similar view was taken by the Future Group, who submitted that:

The PRRT's complex design and structural weaknesses, including: generous deductions, uplift provisions and the ability to transfer costs across projects, have allowed major LNG exporters to minimise their effective tax liabilities even during periods of extremely high export revenues. The result is a regime that has not captured a fair share of resource rents for the Australian public.

This is increasingly difficult to justify. Australia is one of the world's largest LNG exporters, yet public revenues from gas remain disproportionately low. To illustrate the scale of the issue: over a recent four-year period, gas exports worth approximately \$170 billion generated no royalties and no PRRT revenue.⁸⁹

1.128 The committee also received consistent submissions from industry stakeholders that the amount of taxation paid under the PRRT is appropriate. Witnesses emphasised that the design of the PRRT recognises the risk of large capital

⁸⁷ Dr Richard Denniss, Co-Chief Executive Officer, Australia Institute, *Committee Hansard*, 21 April 2026, pp. 9–10.

⁸⁸ ACTU, *Submission 75*, p.2.

⁸⁹ Future Group, *Supplementary Submission 71.1*, [p. 4].

expenditure upfront, during the exploitation and design phases, with long periods before projects are become profitable and start delivering returns.⁹⁰

1.129 Shell Australia summarised this issue in its submission:

Gas projects demand many billions of dollars in upfront capital expenditure over many years of construction before any revenue is earned and carry the burden of significant subsurface risks – project economics are extremely sensitive to low subsurface and low commodity price outcomes. Before projects can be sanctioned, high-risk and high-cost exploration and appraisal must be carried out to determine whether there is a commercial resource to develop. Accordingly, initial payback periods before investors begin to earn returns are long, often in the 10-to-15-year range for LNG projects.⁹¹

1.130 Further, Shell Australia told the committee at a public hearing:

After a massive period of capital investment, most offshore gas projects now do pay PRRT and federal Treasury estimates are that gas companies will pay \$8.3 billion of PRRT payments over the next five years.⁹²

1.131 Mr Mike Gardiner of INPEX further commented that:

I think the design of the PRRT is working as intended, where investors take on board the full risk upfront, and then they share the profits with the Australian public once the investors have been repaid. Absent the private investment, the resource would never be developed.⁹³

1.132 Several witnesses noted that loans, subsidies and other government support for gas projects are often ignored in claims regarding private investment. For example, the Conservation Council of WA told the committee:

Fossil fuel subsidies cost the Australian government approximately \$16.3 billion in 2025-26, and it is estimated that the WA government is spending \$271 million this year on support to gas and \$1.3 billion in capital spending and forward estimates spending on gas. And yet we estimate that 76 per cent of WA gas exports attract zero royalties. This is set to increase and comes amidst a pending \$60 billion clean-up and decommissioning bill deductible against the PRRT. The WA gas industry is built on the back of taxpayer dollars, yet it gives barely anything back and actively tries to minimise what it does give back.⁹⁴

⁹⁰ See, for example, Mr Bran Black, Chief Executive, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 28.

⁹¹ Shell Australia, *Submission 25*, p. 3.

⁹² Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, 22 April 2026, p. 13.

⁹³ Mr Mike Gardiner, Vice-President, Finance, Treasury and Technology, INPEX, *Committee Hansard*, 24 April 2026, p. 52.

⁹⁴ Mr Matt Roberts, Executive Director, Conservation Council of Western Australia, *Committee Hansard*, 24 April 2026, pp. 57–58.

1.133 Government investment is discussed below in relation to regulatory regimes in other jurisdictions.

1.134 The Hon Bill Johnston submitted that it was important to be clear on the purpose and operation of the PRRT, and that returns would be seen at the conclusion of projects, rather than in initial development:

- The PRRT is a tax on project profits, not on project revenues;
- In the 1970's and 1980's, when the concepts behind the PRRT were being developed and implemented, the LNG industry was in its infancy, so it is not a surprise that the authors didn't consider the LNG sector in detail;
- Applying the PRRT to LNG projects – which have much higher up-front capital costs, much longer project cycles, and lower returns on capital invested when compared to oil projects – was always going to delay Government revenue receipts compared to an ad-valorem royalty scheme; and
- Calculations of the share of revenue collected by the PRRT from any specific project will only [be] able to be made at the conclusion of the project, and certainly not in the project's start-up phase.⁹⁵

1.135 The Australian Taxation Office (ATO) also commented on the level of PRRT payments by the oil and gas industry since the 2023 amendments:

... [b]ased on the results and insights of [its] key programs, most large businesses (including those in the oil and gas industry) are meeting their tax obligations under the current legislative settings ...

Our tax gap estimates program tells us how well the tax system is operating, the overall level of compliance...and what drives taxpayer behaviours ... The PRRT gap estimate indicates that over 97% of the (theoretical) PRRT payable was paid in the 2022–23 year.⁹⁶

1.136 The ATO submitted that the PRRT payable by oil and gas taxpayers had steadily increased from \$607m in 2020–21 to \$10.189 billion in 2023–24. The ATO observed that oil and gas companies operating in Australia 'reported \$42.1 billion of profit during 2023–24 and had \$36.1 billion of carry forward losses'.⁹⁷

1.137 The committee received evidence from industry representatives that the 2023 amendments had increased PRRT payments and it was necessary to give them time to work before making further amendments.

1.138 Ms Margaret McCourt of Chevron Australia told the committee that these 'major petroleum resource rent tax reforms for offshore oil and gas' are:

⁹⁵ Hon Bill Johnston, *Submission 33*, p. 1.

⁹⁶ Australian Taxation Office (ATO), *Submission 65*, pp. 4–5.

⁹⁷ ATO, *Submission 65*, p. 7.

... already delivering, with more PRRT paid as a result. Chevron Australia is currently paying PRRT, and ... we anticipate we will have paid a combined \$800 million in PRRT by the end of 2027.⁹⁸

1.139 Similarly, INPEX told the committee that the changes had 'accelerated' its PRRT payments and would result in it 'commencing substantial payment of PRRT from August 2027 (relating to the 1 July 2026 to 30 June 2027 income year), nearly ten years earlier than originally anticipated'. This was despite 'the significant amount of Ichthys LNG development debt that remains outstanding and the fact that INPEX's investment of capital into the development has not yet been recovered'.⁹⁹

1.140 Woodside Energy (Woodside) submitted that:

Following the Government's recent amendments to the PRRT (introducing a deductions cap for LNG projects) the number of entities in the Australian petroleum sector paying PRRT has increased, rising to 16 in 2023-24 from 11 in 2022-23, demonstrating that the regime is applying to a broader range of projects and generating revenue for the Australian Government. This should continue in the future as additional LNG projects commence paying due to the deductions cap, such as Woodside's Scarborough Energy Project.¹⁰⁰

1.141 Similarly, ATO officials told the committee that:

... the last information published ... showed that an additional five taxpayers became tax payable as a result of the deductions cap, with a total of \$11.6 billion of PRRT paid ... for the 2022-23 year.¹⁰¹

Offsets against PRRT liability

Deductions and carry-forward losses

1.142 As outlined earlier in this report, companies liable to pay PRRT can offset a range of expenses against their tax liability to limit their annual exposure.

1.143 ATO officials explained to the committee at a public hearing that:

... the oil and gas project lifecycle is such that it is expected that participants incur significant tax losses at the startup phase prior to a period of utilisation of those losses in later years before they ultimately become tax payable.¹⁰²

⁹⁸ Ms Margaret McCourt, General Manager of Finance, Chevron Australia Pty Ltd, *Committee Hansard*, 24 April 2026, p. 28.

⁹⁹ INPEX Australia, *Submission 72*, p. 3.

¹⁰⁰ Woodside Energy, *Submission 63*, pp. 4–5.

¹⁰¹ Ms Suzie Emery, Assistant Commissioner, Public Groups Engagement, ATO, *Committee Hansard*, 22 April 2026, p. 60.

¹⁰² Ms Michelle Sams, Deputy Commissioner, Public Groups, Programs and Strategies, ATO, *Committee Hansard*, 22 April 2026, p. 58.

1.144 The committee received evidence that deductions claimed by the gas industry can be very large and applied over many years, meaning that projects may be producing gas for a long time before any PRRT is actually paid. For example, Institute for Energy Economics and Financial Analysis (IEEFA) Australia attributed a shortfall in gas taxation revenue to structural issues with the PRRT:

As a profit-based tax, the PRRT allows LNG exporters to carry losses forward, which effectively minimises tax obligations in the early years of LNG projects, with payments increasing once exporters recover their costs.

While this framework is intended to incentivise investment, effectively it partly transfers construction risk to the Australian public, who have no ability to manage this risk. Most Australian LNG projects experienced construction delays and cost blowouts, which have delayed and decreased PRRT payments.¹⁰³

1.145 The Tax Justice Network Australia (TJN-Aus) and the Centre for International Corporate Tax Accountability & Research (CICTAR) observed that:

The PRRT applies a tax rate of 40 [per cent] of profits from the sale of the raw gas from Commonwealth waters, but the flaws in the PRRT system have generated hundreds of billions of PRRT tax credits that will buffer any PRRT payments for decades to come. Some projects were expected to never pay any PRRT. For the new offshore gas projects that are driving Australia's LNG export boom, there is no other royalty payment beyond the PRRT. In essence, Australia has been giving away its finite natural resources to some of the world's largest oil and gas companies for free. Recent reforms will limit the use of PRRT credits used each year to 90 [per cent] of PRRT owed, but this will still be a pittance compared to the value of Australian LNG exports by multinational oil and gas giants. As of the most recent ATO corporate tax data (2023-24), no PRRT payments have been made from these huge offshore projects despite many years of massive exports to global markets.¹⁰⁴

1.146 The ATO confirmed that, as at 2023–24, carry-forward expenditure for gas projects was \$282.6 billion, which can be used to offset against revenue to reduce taxable profits and PRRT liability.¹⁰⁵

¹⁰³ Josh Runciman, Institute for Energy Economics and Financial Analysis, '[Australians sharing in windfall LNG profits? A no-brainer](#)'; 9 April 2026.

¹⁰⁴ Tax Justice Network Australia (TJN-Aus) and Centre for International Corporate Tax Accountability & Research (CICTAR), *Submission 13*, p. 1.

¹⁰⁵ Ms Suzie Emery, Assistant Commissioner, Public Groups Engagement, ATO, *Committee Hansard*, 22 April 2026, p. 57.

Decommissioning

1.147 Several witnesses specifically addressed the impact of significant expected decommissioning costs as projects come to the end of their life on future PRRT returns.¹⁰⁶

1.148 The ATO and Treasury have confirmed that decommissioning costs are a factor in falling PRRT revenues and downward revisions to projected future revenues. The 2025–26 Mid-Year Economic and Fiscal Outlook (MYEFO) downgraded the estimate of PRRT revenue in the 2025–26 Budget by \$1.5 billion over four years in part due to 'an increase in credits for decommissioning expenditure incurred by projects no longer producing'.¹⁰⁷

1.149 Professor John Chandler noted that the Offshore Decommissioning Directorate has put the estimate of decommissioning expenses for existing projects at over \$43 billion:

If all that is deductible and can be set against PRRT that has been paid and income tax that has been paid, the impact would be that, in fact, the company could get a refund of tax it has already paid. So the sort of a problem you could be facing is that the amount of tax that has been collected has been too low, but, not only that, you're having to give it back.¹⁰⁸

1.150 The Australian Conservation Foundation (ACF) submission noted that an Xodus report estimates offshore decommissioning liabilities to 2063 at \$66.8 billion, even without assets installed since 2024.¹⁰⁹ ACF noted the potential for these deductions to offset PRRT liabilities, and urged the inquiry to:

... consider how we can learn from historical examples, the lessons that we can draw from the PRRT regime, and ensure that any new deduction regime is much tighter and much better calibrated to reduce and limit gaming of the system by major gas corporations.¹¹⁰

PRRT revenue compared to other sectors

1.151 The committee received evidence comparing the amount the Australian Government collects in PRRT with revenue from other sources. For example, the Australia Institute highlighted that:

As a result of the fundamental inability of the PRRT to convert surging revenue for foreign gas export companies into revenue for Australian

¹⁰⁶ See, for example, Australian Conservation Foundation, *Submission 43*, [p. 5], Conservation Council of WA, *Submission 4*, p. 3, Professor John Chandler, private capacity, *Committee Hansard*, 24 April 2026, p. 1, Greenpeace, *Submission 26*, pp. 9–10.

¹⁰⁷ Treasury, [Mid-Year Economic and Fiscal Outlook 2025–26](#), p. 65.

¹⁰⁸ Professor John Chandler, Private capacity, *Committee Hansard*, 24 April 2026, p. 2.

¹⁰⁹ Australian Conservation Foundation, *Submission 43*, p. 5

¹¹⁰ Mx Annika Reynolds, National Climate Policy Adviser, Australian Conservation Foundation, *Committee Hansard*, 21 April 2026, p. 38.

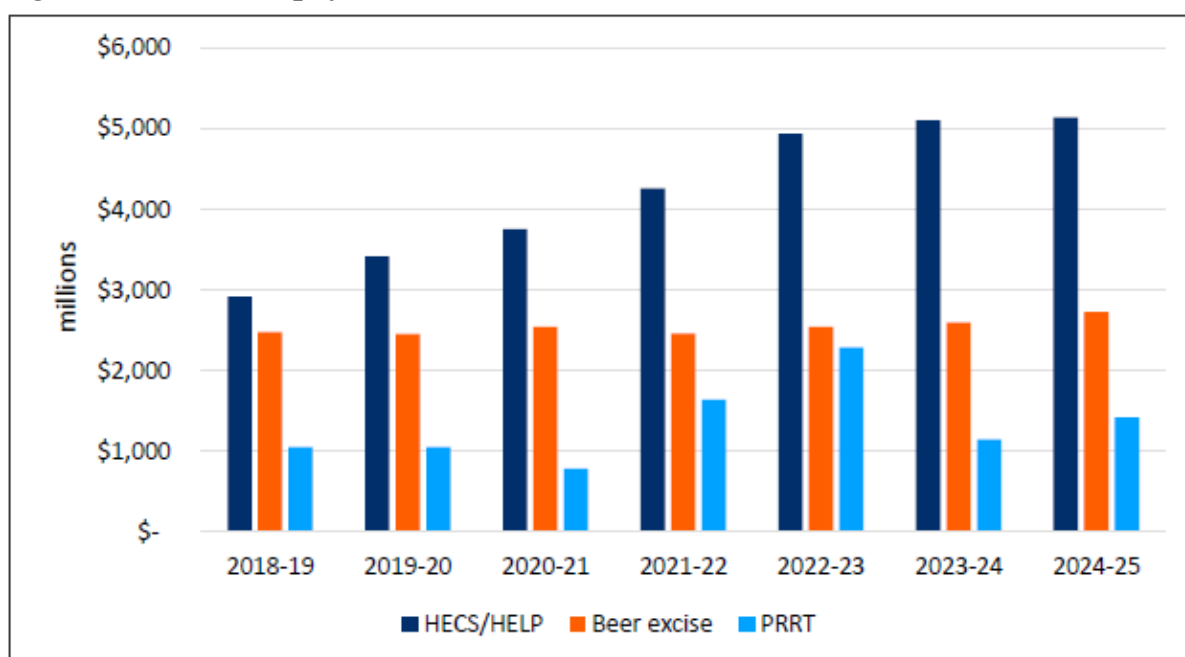
citizens, the Commonwealth consistently collects less money from the PRRT than it receives from either student debt repayments or beer excise.

Unless the Australian Parliament significantly reforms the taxation of Australia's gas exports, the Commonwealth's heavy reliance on beer drinkers and university students will not change in the foreseeable future.

...

According to the MYEFO, PRRT receipts will shrink to \$1,050 million in 2028-29 while beer excise will by then collect \$2,850 million. The Commonwealth raises less from the PRRT than from farmers' company and personal income tax payments, spirits excise, or even the excise on pre-mixed alcohol and ciders.¹¹¹

Figure 3.1 HECS repayments vs beer excise vs PRRT



Source: The Australia Institute, Submission 21, p. 5.

Data from ATO annual reports, various budget papers. Net cash collections from the ATO, adjusted to exclude administered expenses. 18-19 and 19-20 PRRT figure includes both PRRT & minerals resource rent tax. HECS/HELP includes Higher Education Loan Program (HELP) and Student Financial Supplement Scheme (SFSS) collections.

1.152 The Australia Institute also observed that:

From 2014–15 to 2023–24, nurses paid more income tax than the PRRT and company tax paid by the oil and gas industry. The same is also true for teachers.¹¹²

¹¹¹ The Australia Institute, Submission 21, pp. 9–10.

¹¹² Australia Institute, Submission 21, p. 4.

1.153 Industry representatives suggested that comparisons between the PRRT and taxes on beer were misleading. For example, the Chamber of Minerals and Energy WA submitted that:

This comparison makes little sense and is deliberately misleading. Comparisons deliberately exclude company and other taxes/royalties. Instead, the comparison is made to the PRRT only. As noted, the PRRT is a super-profits tax based on taxable profits while the beer excise duty is based on alcohol consumption (untied to profits). The PRRT is also additional to company tax payments from the oil and gas industry which far outweigh company taxes paid by the beer industry. Australian Energy Producers report that in 2024-25 the Australian oil and gas industry paid \$21.9 billion in taxes and royalties to State and federal governments, far exceeding the \$2.63 billion in receipts from the beer excise.¹¹³

1.154 Shell Australia commented in its submission that this \$21.9 billion figure is 'equivalent to the cost of the entire Pharmaceutical Benefits Scheme and account[s] for 1 in every 10 dollars of company tax paid, according to the Australian Taxation Office'.¹¹⁴

1.155 Similarly, representatives of Chevron Australia told a public hearing that it was the fourth largest taxpayer in Australia for the last two years of the Australian Taxation Office (ATO)'s Corporate Transparency Report.¹¹⁵

Returns in other jurisdictions

1.156 The committee heard evidence that other countries have implemented gas taxation systems that generate greater revenue and more national benefits than the PRRT, including Norway and Qatar, and may serve as an example for Australia to follow.

1.157 For example, the Superpower Institute submission noted that 'Australia's average return of around 18 per cent of gas sector profits is well below the global norm of between 75 and 90 per cent'.¹¹⁶ In evidence to the committee, Mr Baethan Mullen estimated that, had Australian gas taxation been on par with global norms, it would have generated an additional '\$80 billion in total revenue since the Russian invasion of Ukraine' and 'in excess of \$2 billion' since the start of the war in Iran.¹¹⁷

1.158 TJN-Aus and CICTAR observed that:

¹¹³ Chamber of Minerals and Energy WA, *Submission 59*, p. 4.

¹¹⁴ Shell Australia, *Submission 25*, p. 2.

¹¹⁵ Ms Margaret McCourt, General Manager of Finance, Chevron Australia Pty Ltd, *Committee Hansard*, 24 April 2026, p. 28.

¹¹⁶ The Superpower Institute, *Submission 29*, p. 1.

¹¹⁷ Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, p. 22.

In terms of generating government revenue from LNG, Australia has one of the worst tax and royalty regimes in the world. Most countries in the world, with the possible exception of the United Kingdom prior to its windfall profit tax, collect far more from oil and gas extraction and export than Australia. Even if all of the proposed changes discussed above were implemented, Australia's tax and royalty regime would remain extremely generous for producers in the global context.¹¹⁸

1.159 A similar view was expressed by Punters Politics, which submitted that:

Australia is one of the world's largest gas exporters, shipping around 80 million tonnes of liquefied natural gas (LNG) each year, placing it alongside global heavyweights such as Qatar, United States and Norway. However, the public return Australians receive from this export volume is materially lower than in comparable jurisdictions. Qatar generates ~\$70–80 billion per year in government revenue from gas, tens of billions annually through state ownership and royalty frameworks, while Norway has built a sovereign wealth fund exceeding US\$1 trillion by applying high, stable tax rates and retaining a strong public stake in its petroleum resources. By contrast, Australia's fiscal return remains a fraction of this, \$2-3 billion per year, despite exporting gas at similar scale. The difference is not the resource. Even allowing for structural differences, the gap is too large to be explained by geology or market conditions alone, it is the policy architecture. Other leading exporters have deliberately designed systems to secure a fair public share of resource wealth; Australia has not.¹¹⁹

1.160 The Future Group highlighted the shortfall between Australia's taxation of its gas resources and that in international jurisdictions:

The gap between what Australia collects and what comparable nations collect is stark: Norway captures approximately 57–60 [per cent] of petroleum resource rents; Qatar captures around 35 [per cent]; and the United Kingdom around 38–40 [per cent].¹²⁰

1.161 GetUp discussed the benefits of the Norwegian system, commenting in its submission:

Norway taxes oil and gas at approximately 78%, combining a special petroleum resource tax with standard corporate tax. The Norwegian government captures roughly 55-66% of total oil and gas revenue, compared to less than 10% in Australia. That revenue has been invested in the Government Pension Fund Global, now worth more than AU\$2 trillion, equivalent to approximately AU\$350,000 for every Norwegian citizen. It is the world's largest sovereign wealth fund and it was built on the same kind of resource wealth Australia is giving away.¹²¹

¹¹⁸ Tax Justice Network Australia (TJN-Aus) and Centre for International Corporate Tax Accountability & Research (CICTAR), *Submission 13*, p. 5.

¹¹⁹ Punters Politics, *Submission 6*, p. 2.

¹²⁰ Future Group, *Supplementary Submission 71.1*, p. 1.

¹²¹ GetUp, *Submission 74*, [p. 3].

1.162 Parents for Climate Action submitted that:

Other countries have figured this out. Norway taxes petroleum exports at 56 [per cent] and has built a \$1.8 trillion sovereign wealth fund that pays for schools, hospitals and renewable energy. In 2023, Australia and Qatar exported similar amounts of LNG, but the Qatari government received around five times more in public benefit than Australia did.¹²²

1.163 However, industry witnesses told the committee that significant structural differences in the tax regimes in both Norway and Qatar meant that they could not be used as a direct comparison for Australia. As Origin Energy put it: 'Comparisons with international regimes based solely on headline tax rates are also misleading'.¹²³

1.164 Australian Energy Producers (AEP) contended:

Norway and Qatar are not meaningful benchmarks for Australia's tax-only regime. In assessing Australia's taxation of oil and gas resources, it is essential to recognise the fundamental differences between Australia and competitor jurisdictions such as Norway and Qatar. These countries operate fiscal systems built on state ownership, state capital and mechanisms that share downside risk with investor companies. For example, Norway refunds losses to oil and gas companies with no taxable income. It is misleading to judge Australia against radically different models, which have distinguishing features that our tax-only framework does not replicate.¹²⁴

1.165 Noting very different circumstances in Australia, particularly in Queensland, the Queensland Resources Council (QRC) further explained:

The difference, which you've put very clearly, is that those overseas countries and governments have skin in the game. They have ownership of the assets. They contribute to the capital. They also experience the risk that comes with big commodity projects. In Queensland, the investment is all done by the private sector. So they have to find the funds, they have to finance the funds, they have to ensure that their shareholders are receiving some return on capital, otherwise they just won't get continued capital to invest and reinvest, and they bear 100 per cent of the risk. That means that, if the price goes down dramatically, they bear that risk. That means that, if a new tax is imposed, all their sunk capital is at risk. So it is very different, and I think it's important for the committee to truly understand those differences.¹²⁵

1.166 The committee also received evidence from industry that the Norwegian and Qatari models offer significant benefits to business, as distinct from the proposed flat export tax. Mr Kynan Scarr of Chevron commented:

¹²² Parents for Climate Action, *Submission 17*, pp. 2–3.

¹²³ Origin Energy, *Submission 30*, p. 1.

¹²⁴ Australian Energy Producers, *Submission 69*, pp. 5–6.

¹²⁵ Ms Janette Hewson, Chief Executive Officer, Queensland Resources Council, *Committee Hansard*, 22 April 2026, p. 1.

There's been a lot of discussion on Qatar and Norway. Headline tax rates grab a lot of attention. What you really need to understand are the details of those regimes. Norway has a cost-recovery regime. While it has a high tax rate, that also acts as a refund to companies in the loss-making phase where you're investing and you're not generating any cash flow. To put an example out there, in the deep water, wells can cost \$100 million or \$200 million. In our business, over the long term, the failure rate on the more frontier exploration can be 80 or 90 per cent. A majority of those wells fail. You've spent \$100 million to \$200 million. If it's \$100 million in Norway, there's a \$70 million refund coming to the proponents.¹²⁶

1.167 Ms Wake of Shell further discussed the different approaches, elaborating on the benefits for industry in the Norwegian scheme:

... firstly, that Norway directly owns and invests public funds in oil and gas projects. Equinor is 67 per cent state owned. In addition to that investment done through Equinor, they also have a mechanism called the State's Direct Financial Interest mechanism, which ensures that there is active participation in the licensing at the front end. So, they are investing alongside international participants and private capital at the same time and at the same rates.

Secondly, the mechanism in Norway is a cash-flow tax rather than a revenue tax, which has been proposed by others in this place. It allows for the immediate expensing of all capex. So, if I make a capital investment in year 1, I recover it immediately. I don't have to wait eight, nine, or 10 years, until the project is fully built and in production. I get an immediate benefit from that. That operates as a deduction if I'm already making revenue from other projects that I've invested in in the country. But if I haven't yet invested—so it's my first project—Norway actually gives a just over 70 per cent cash refund out of the state's purse to the investor who has made that investment ... if you're not in a profit-making position at that point, they also allow depreciation over a six-year period rather than a 15-year period. All of these things combine to ensure that investors in Norway have significantly less exposure to downside risks. They get higher rates of return, even though there's a higher tax rate, because they get immediate deductions.¹²⁷

1.168 The inquiry also heard evidence that gas projects in Australia have received government support through grants, loans, subsidies and infrastructure investment.¹²⁸ In its submission to the Callaghan Review (see 'Recent reviews of gas taxation' below), the Western Australian government said:

In the 1970s and 1980s the State played a pivotal role in securing the development of the North West Shelf project through agreements, financial assistance and infrastructure provision. This project helped to provide the impetus needed to develop other State resources and established Western

¹²⁶ Mr Kynan Scarr, General Manager, Asset Development, Chevron Australia Pty Ltd, *Committee Hansard*, Friday 24 April 2026, p. 34.

¹²⁷ Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, Wednesday 22 April, p. 18.

¹²⁸ See, for example, Conservation Council of Western Australia, *Submission 4*, p. 3.

Australia as a prospective location for natural gas development in the face of significant global competition. If the State had not made these investments, the project would likely not have succeeded.¹²⁹

Overseas jurisdictions making more revenue from Australian gas than Australia

1.169 Several submitters and witnesses indicated that foreign governments may make more tax revenue from Australian gas imports than the Australian Government itself does from Australia's gas exports. For example, Dr Denniss presented Australia Institute research to the committee that found that:

Japan taxes energy imports through its Petroleum and Coal Tax, which raises AUD \$8 billion per year on average. Of this \$8 billion, around \$1.8 billion comes from taxing gas imports into Japan. This is more than the \$1.4 billion per year that Australia's Petroleum Resource Rent Tax (PRRT) raises in total. Japan raises \$710 million each year taxing gas imports from Australia specifically. It is unclear if gas exporters in Australia pay any PRRT at all, but what is clear is that Japan's gas tax raises more revenue from Australian gas exports than Australia's PRRT does.¹³⁰

1.170 IEEFA has also estimated that Japanese companies resold between 589 and 756 petajoules (10.8 - 13.6 million tonnes) of Australian LNG in 2025, almost 1.5 times the domestic gas consumption on Australia's east coast in the same year.¹³¹

1.171 INPEX rejected 'suggestions of profiteering in relation to the on-selling of Australian LNG', observing that:

- Most on-selling of LNG by Japanese buyers is linked to inventory buffers, with available excess LNG generally swapped or traded at that time within the immediate Asian region at available market rates, not on a profit basis.
- In the case of Ichthys LNG, the vast majority of LNG cargoes were traded in Japan with only 12% traded to other countries within the immediate region i.e. Taiwan, South Korea, China and Thailand.
- In fact, higher rates of on-selling are usually observed during periods when LNG markets are oversupplied and when spot LNG prices are below contract (SPA) prices. Cargoes are therefore more likely to be on-sold for a loss.¹³²

Capturing windfall profits

1.172 Various stakeholders observed the current taxation system has failed to increase tax revenue from gas resources at times where producers were making windfall profits, including in the wake of global energy insecurity following the Russian invasion of Ukraine and the war in the Middle East.

¹²⁹ Western Australian Government, [Submission to the Review of the Petroleum Resource Rent Tax](#).

¹³⁰ The Australia Institute, [Taxing gas in Australia and Japan](#), April 2026.

¹³¹ IEEFA, [Japanese reselling of Australian LNG undercuts energy security claims](#), 30 April 2026.

¹³² INPEX Australia, *LNG On-Selling in Japan – the facts* (tabled 24 April 2026).

1.173 The Grattan Institute submitted that 'windfall profits expose current inadequacies' in the taxation of gas resources:

The global instability of 2026 has created concerns about energy supply and costs that Australians have been able to ignore for many years. These concerns arise even though we are blessed with comparative advantages in gas and renewable energy resources.

The Ukraine and Iran wars have disrupted supplies of oil and gas. One result has been windfall profits for gas suppliers whose production has been largely unaffected. Countries such as the UK introduced windfall taxes after the Ukraine war began. The closest Australia got was to impose price caps on gas and coal.

Mechanisms that are directly linked to prices or revenue do partly capture windfall profits, however they are relatively blunt and it would be preferable to use direct windfall taxes. As with resource rent taxes or levies, the key issue is to define and quantify a windfall or super-profit.¹³³

1.174 In its submission, the Conservation Council of WA claimed that:

Analysis shows that five leading oil and gas companies have profited by nearly half a trillion US dollars since Russia's invasion of Ukraine. Companies exporting gas from Australia made windfall profits of nearly \$100 billion from 2022-2024. Global gas prices have more than doubled since the start of 2026.¹³⁴

1.175 Research by IEEFA found that:

Gas exporters will be one of Australia's only domestic industries to benefit from the global fuel crunch caused by the Middle East conflict, and all Australians should share in their windfall.

...

Rising LNG prices are likely to massively boost Australian LNG export earnings, as happened after Russia's expanded invasion of Ukraine, when oil and gas sector profits increased from AU\$13 billion in FY2020-21 to a staggering AU\$62 billion in FY2022-23.

However, Australia's taxation of LNG exports suggests that higher international prices will not fully translate into higher tax receipts. Oil and gas royalties as a share of export earnings were lower in that period when LNG prices peaked, than in years of more normal pricing.¹³⁵

1.176 At a public hearing, Mr Joshua Runciman of IEEFA gave further evidence to the committee about increases in gas prices caused by the war in Ukraine:

What we saw following the Ukraine war was that the oil prices were also elevated. That would have pushed up prices under contracts. But, certainly,

¹³³ Grattan Institute, *Submission 73*, p. 5.

¹³⁴ Conservation Council of WA, *Submission 4*, p. 6.

¹³⁵ Josh Runciman, Institute for Energy Economics and Financial Analysis (IEEFA), '[Australians sharing in windfall LNG profits? A no-brainer](#)'; 9 April 2026.

LNG spot prices were very elevated. We saw, for very short periods, the Asian LNG price be assessed at more than US\$100 per MMBtu—I'm very much cherrypicking the data to be really clear here, in terms of the price level. But, very much, we saw sustained prices around US\$40 per MMBtu. You don't need to sell a huge amount of LNG at that price to make a large profit. We saw individual cargoes selling for well over US\$100 million.¹³⁶

1.177 At a public hearing, Dr Richard Denniss of The Australia Institute told the committee that a flat approach would more effectively capture massive price rises than the current PRRT – as it would be based on export price rather than profits:

There's no problem with having a well-designed profits tax, but that's what the PRRT is supposed to be. The PRRT is supposed to pick up 40 per cent of windfall profits. If you compare the gas price after the Ukraine war to the gas price before the Ukraine war, the Australia Institute estimates the gas industry made \$112 billion in windfall profits. The PRRT is supposed to be a windfall profits tax at 40 per cent. Well, 40 per cent of \$112 billion is over \$40 billion, but the Commonwealth budget papers make clear that that hasn't happened.¹³⁷

1.178 Total values of PRRT received during the period since the invasion of Ukraine are set out in Table 1.1.

1.179 In his submission to the inquiry, Dr Ken Henry said that 'energy resources generating windfall gains belong to the people of Australia' and tax and transfer systems were the mechanism to redistribute those gains in favour of Australians.¹³⁸ When asked by Senator Waters whether it was too simplistic to say that tax settings determined whether wartime profits would go to the Australian people or to overseas investors, Dr Henry said:

That's not simplistic; that's how it is, and that's the choice that's before us. Do we want the Australian people to get the revenue or do we want foreign shareholders to get the revenue? It is as simple as that.¹³⁹

1.180 As noted above, the Superpower Institute estimated that Australia had forgone '\$80 billion in total revenue since the Russian invasion of Ukraine' and 'in excess of \$2 billion' since the start of the war in Iran because tax settings failed to adequately capture windfall profits.¹⁴⁰

¹³⁶ Mr Joshua Runciman, Lead Analyst, Australian Gas, IEEFA Australia, *Committee Hansard*, 21 April 2026, pp. 14–15.

¹³⁷ Dr Richard Denniss, Co-Chief Executive Officer, The Australia Institute, *Committee Hansard*, 21 April 2026, p. 5.

¹³⁸ Dr Ken Henry, *Submission 8*, p. 1.

¹³⁹ Dr Ken Henry, Private capacity, *Committee Hansard*, 21 April 2026, p. 58.

¹⁴⁰ Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, p. 22.

1.181 As the ACTU observed:

Domestic energy prices in Australia are largely tied to global prices, even when energy is produced domestically. As a result, the same war that was benefiting gas corporations handsomely was exacting painful costs from working Australians. Households consequently faced sharp increases in petrol, gas and electricity prices despite no increase in Australian production costs. These direct costs represent only part of the burden: energy price rises fed through into higher prices economywide, particularly in transport, food, manufacturing and construction. Though more difficult to tabulate exactly, these flow-on price impacts were likely significantly larger than the direct increase in energy costs.¹⁴¹

1.182 Farmers for Climate Action submitted that:

The instability of global energy markets underscores the case for capturing a fair share of resource revenues now, while prices and profits are high, and investing those revenues in economic resilience, energy security and sovereignty for Australian communities.¹⁴²

1.183 In response to arguments outlined in evidence that a lack of windfall tax has been collected to date, Treasury officials told the committee that:

... one of the things that we saw through the sustained elevated prices following the Russian invasion of Ukraine was, essentially, a run-down of a lot of the accumulated losses in the corporate tax system by oil and gas producers, and that's what's led to that increase in tax paid. Now that those entities are in tax payable positions you would expect that, to the extent that higher prices are passed through as a result of what's happening in the Middle East currently, that would also directly translate through to higher corporate tax paid.¹⁴³

1.184 Industry stakeholders maintained that PRRT and corporate tax payments increased to reflect higher profits. They also cautioned that a windfall profit tax may result in decreased investment in exploration and development of oil and gas resources. For example, AEP emphasised that a new tax could make some investments unviable, reducing supply and cutting taxation revenue:

An export windfall levy could render LNG projects uneconomic and put up to 19,000 PJ of gas production and approximately A\$70.4 billion of government revenue at risk. Analysis by Wood Mackenzie finds that imposing a 25% export levy on LNG exports could increase the effective tax rate of a project to as high as 83%, and reduce the value generated by oil and gas projects by as much as 94%. Such a tax would also adversely affect the availability of domestic gas supplies, reduce the longevity and valuations of

¹⁴¹ Australian Council of Trade Unions (ACTU), *Submission 75*, p. 4.

¹⁴² Farmers for Climate Action, *Submission 77*, [p. 2].

¹⁴³ Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury, *Committee Hansard*, 22 April 2026, p. 59.

Australia's existing LNG facilities, and raise sovereign risk concerns for our LNG trading and investment partners.¹⁴⁴

1.185 The impact of new or amended taxes on sovereign risk and long-term investment is discussed under 'Sovereign risk, trade relations and investment'.

Potential reforms to increase tax revenue

1.186 While the majority of witnesses to the inquiry focussed on a 25 per cent flat gas export tax, submissions canvassed a range of possible reform options aimed at increasing the tax revenue received from extraction and export of gas resources, including:

- reforming the Petroleum Resource Rent Tax (PRRT);
- replacing the PRRT with a 25 per cent gas export tax;
- enhancing royalties; and
- introducing industry fair share and windfall levies.

1.187 These options are addressed below, with a primary focus on the 25 per cent flat gas tax.

Reforming the PRRT

1.188 As outlined under 'Recent reviews of gas taxation', the Petroleum Resource Rent Tax: Review of Gas Transfer Pricing Arrangements (GTP Review) made a number of recommendations for reform of the PRRT that have not been acted on. The Tax Justice Network Australia (TJN-Aus) and the Centre for International Corporate Tax Accountability & Research (CICTAR) argued that implementing a netback only approach to PRRT would generate \$90 billion in additional revenue, even without an additional export tax.¹⁴⁵

1.189 The Australian Workers' Union (AWU) also suggested a range of alternatives for reforming the PRRT, including:

- PRRT compounding reform: PRRT rules allowing for the value of deductions carried forward to compound over years or decades, such that the value of deductions greatly exceeds actual expenses, could be abolished or restricted.
- PRRT profit split reform: The PRRT's '50-50' treatment of LNG projects' profits could be reformed to allocate a larger share of profits to liable extraction and processing activities. Alternatively, this system could be replaced with one using the ACCC's netback gas price to calculate the value of production subject to PRRT.

¹⁴⁴ Australian Energy Producers, *Submission 69*, p. 1.

¹⁴⁵ TJN-Aus and CICTAR, *Submission 13*, p. 3.

- PRRT exploration deductions reform: PRRT provisions allowing for exploration-related deductions to be shifted between projects could be abolished or restricted.¹⁴⁶

1.190 However, others were more sceptical that further reforms could improve the integrity and returns of the PRRT approach. At a public hearing, the Australian Council of Social Service (ACOSS) told the committee that flaws in the PRRT approach could not be addressed by moderate reform:

The petroleum resource rent tax has consistently failed to deliver adequate returns to date due to its design, with generous deductions, the ability to carry forward losses indefinitely and significant opportunities for tax minimisation. Incremental reforms are not addressing these structural flaws.¹⁴⁷

1.191 When asked his opinion on what was necessary for PRRT reform, Dr Henry bluntly commented:

Honestly, I'd tear it up and start again. That's what I'd do. I'd replace it with a simpler more efficient tax, maybe a resources superprofits tax.¹⁴⁸

1.192 Dr Richard Denniss of the Australia Institute similarly advocated for complete reform:

The PRRT is so unsuccessful. If you kept it in place, it would hardly be burdensome. But, if you want to do everybody a favour, replace something complicated that achieves nothing with something simple that achieves a lot. If you got rid of the PRRT and replaced it with a 25 per cent gas export tax, I think that would be a good outcome. But, to be crystal clear, the PRRT is so ineffective that I think keeping it in place would hardly be burdensome.¹⁴⁹

1.193 As noted under 'Current returns for Australian gas resources', gas industry stakeholders called for the 2023 PRRT changes to be given a chance to operate for a few years before any further changes are made.

Replacing the PRRT with a 25 per cent gas export tax

1.194 Much of the recent public debate on the taxation of the gas industry, and much of the evidence presented to the inquiry, has centred on a proposal to place a 25 per cent flat tax on all Australian gas exports. This approach was originally proposed by the ACTU. In its submission, it argued that:

... the issue at hand is not the general tax rate on business activity in Australia, but the specific tax rate on the mass-scale extraction and export of

¹⁴⁶ Australian Workers' Union, *Submission 70*, p. 8.

¹⁴⁷ Ms Kellie Caught, Program Director, Climate and Energy, Australian Council of Social Service, *Committee Hansard*, 21 April 2026, p. 19.

¹⁴⁸ Dr Ken Henry, Private Capacity, *Committee Hansard*, 21 April 2026

¹⁴⁹ Dr Richard Denniss, Co-Chief Executive Officer, Australia Institute, *Committee Hansard*, 21 April 2026, p. 4.

non-renewable sovereign resources that belong to the Australian public. Once Australians give this gas away, we do not get it back. But right now, we are giving it away for next to nothing in return.¹⁵⁰

1.195 The ACTU went on to outline the benefits and potential returns of this measure:

New analysis from the Institute for Energy Economics and Financial Analysis demonstrates that on metrics including simplicity, comprehensiveness, difficulty of avoidance, revenue generation, and revenue certainty, a flat 25% LNG export tax performs better than other potential interventions such as a temporary windfall profit tax, volume-based royalty, or cashflow tax.

Had a 25% LNG export tax been in place in the rolling year ending in June 2024, it would have generated \$17 billion in revenue—11 times more than what the PRRT generated in the same period. Even \$17 billion is enough to fund an additional 50,000 social and affordable houses over 5 years if invested in the Housing Australia Future Fund—or to fully fund an average-sized 7 kilowatt solar system for 2.5 million additional homes, saving them each thousands of dollars a year on their energy bills.¹⁵¹

1.196 The Australia Institute, GetUp, ACOSS, a range of unions, the Australian Conservation Foundation and many other organisations have also strongly advocated for a 25 per cent gas export tax.¹⁵² Support for the tax is exemplified in the GetUp submission:

Australia must implement a flat 25% tax on all gas exports because our natural resources are a finite asset belonging to the Australian people. The current tax system is bogged down by complex deductions that allow multinational corporations to avoid paying a fair price for the wealth they extract. A 25% export levy would ensure a guaranteed return on every gigajoule of gas leaving our shores, regardless of corporate accounting. By capturing these windfall profits at the source, we can generate the billions needed to fund Medicare, education, and cost of living relief, turning our resource wealth into a lasting legacy for the public rather than just private profit.¹⁵³

1.197 The Labor Environment Action Network (LEAN) told the committee that 'LEAN strongly supports increasing the return of revenue from fossil fuel companies'.¹⁵⁴ While not explicitly supporting the 25 per cent gas export tax

¹⁵⁰ Australian Council of Trade Unions (ACTU), *Submission 75*, p. 3.

¹⁵¹ ACTU, *Submission 75*, p. 7.

¹⁵² See, for example, The Australia Institute, *Submission 21*; GetUp, *Submission 74*; Australian Council of Social Service, *Submission 45*; ACTU, *Submission 75*; Australian Workers Union, *Submission 70*; Australian Services Union, *Submission 44*; National Tertiary Education Union, *Submission 42*; Maritime Union of Australia, *Submission 32*, Australian Education Union, *Submission 57*; and Australian Conservation Foundation, *Submission 43*.

¹⁵³ GetUp, *Submission 74*, p. 6.

¹⁵⁴ Ms Janaline Oh, National Secretary, Labor Environment Action Network (LEAN), *Committee Hansard*, 21 April 2026, p. 40.

proposal, LEAN confirmed that within the Labor membership there is 'support for better returns to the Australian taxpayer'.¹⁵⁵

1.198 The proposal has also attracted significant public support across a broad cross-section of the Australian community. Punters Politics submitted that a recent national poll reflected a:

... growing recognition that the current framework is not delivering for the Australian community. Community sentiment on this issue is strong and consistent, with polling showing more than 60% of Australians support a flat 25% tax on gas exports, with electorate-level polling recording approval as high as 68–75% in specific seats.¹⁵⁶

1.199 Other recent polling includes the following:

- an Australia Institute poll, conducted by uComms on 27 April 2026, found 68 per cent of Western Australia voters and 72 per cent of voters Australia wide supported a 25 per cent gas export tax.¹⁵⁷ A similar poll conducted for the Australia Institute by YouGov in March 2026 found 61 per cent support for a 25 per cent gas export tax nationwide;¹⁵⁸
- a Guardian Essential Poll on 28 April 2026 found that 57 per cent of voters were supportive of taxing profits on gas exports, with only 12 per cent opposed.¹⁵⁹

1.200 The level of public engagement in this inquiry also demonstrates the scale of public interest in the issue, including:

- a submission made by GetUp indicating that over 50,000 people had signed a petition in support of the 25 per cent gas export tax, and polling indicated that 95 per cent of its members supported the proposed tax;¹⁶⁰
- many submissions from members of the general public in support of the proposed tax; and
- hundreds of contributions through online forms and form letters, all in favour of the 25 per cent tax.¹⁶¹

¹⁵⁵ Ms Janaline Oh, National Secretary, LEAN, *Committee Hansard*, 21 April 2026, p. 41.

¹⁵⁶ Punters Politics, *Submission 6*, p. 1.

¹⁵⁷ The Australia Institute, [Polling – gas tax and WA](#), 29 April 2026.

¹⁵⁸ The Australia Institute, [National and Electorate polls – taxing gas exports](#), 23 March 2026.

¹⁵⁹ Josh Butler, '[Guardian Essential poll: Australians want higher tax on gas exports and extension of petrol excise cut](#)', *The Guardian*, 30 April 2026.

¹⁶⁰ GetUp, *Submission 74*, p. 1.

¹⁶¹ Examples of the form letters and numbers received from each campaign are available on the committee's website. Numbers received are noted in the Introduction section.

1.201 Many of the submissions focussed on what the additional revenue generated through a proposed 25 per cent gas export tax could be spent on. Those matters are discussed under 'Community benefits'.

Industry response

1.202 Evidence to the inquiry from the gas industry raised concerns about the negative impacts of the proposed export tax on sovereign risk, trade relations, investment and tax revenue. Many submissions referred to Wood Mackenzie modelling (appended to Australian Energy Producers' submission) indicating that a 25 per cent gas export tax would:

... result in an increased effective tax rate, and reduction in investment returns, on a scale that could make Australia's oil and gas projects uninvestable at the long-term Brent oil price that underpins investment decisions.¹⁶²

1.203 Noting this kind of potential situation, Ms Wake of Shell Australia cautioned:

The consequence of that short-term increase in revenue is a structural, much longer period reduction in tax receipts because—and this is why the investment impact is relevant—if you take that additional 25 per cent on revenue away, the Wood Mackenzie report demonstrates a 7½ per cent on average reduction in investment returns would render growth projects uneconomic and uninvestable. When that ... happens, revenues fall, tax receipts fall, jobs get lost, contracts get broken.¹⁶³

1.204 In contrast, modelling commissioned by Future Group from independent energy and economic specialists Arthur D Little found that a 25 per cent gas export tax would not reduce investment returns below profitable rates.¹⁶⁴

1.205 Concerns regarding profitability, sovereign risk and discouraging investment are discussed in more detail under 'Sovereign risk, trade relations and investment'.

Fair Share Levy

1.206 The Superpower Institute submission proposed a 40 per cent two-way cashflow levy, which it called the Fair Share Levy:

The 40 per cent rate is the same as the [PRRT], and would apply above standard corporate taxes. The standard 30 per cent corporate tax rate applied to the corporate tax base would be subtracted from their taxable income, and the 40 per cent FSL applied to remaining cashflow losses or profits. The combined rate would be 58 per cent, still at the lower end of international norms. The FSL corrects the failures of the PRRT, which was intended but has failed to capture 40 per cent of the rents of the oil and gas

¹⁶² Australian Energy Producers, *Submission 69*, [p. 7].

¹⁶³ Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, 22 April 2026, p. 24.

¹⁶⁴ Future Group, *Submission 71*, p. 2.

industry. A FSL would realise the original intention of the PRRT by giving Australians a fairer share of the value created from Australian gas resources.¹⁶⁵

1.207 The Institute for Energy Economics and Financial Analysis (IEEFA) described the Fair Share Levy as a 'Norway-style cashflow tax under which government shares profits and losses of gas and LNG projects. This involves rebates to industry when cashflows are negative'.¹⁶⁶

Royalties

1.208 Various stakeholders suggested replacing the PRRT with a royalty model. For example, the AWU indicated that 'in the alternative to strengthening the PRRT, there may be considerable benefits to replacing the scheme entirely', and suggested a price-based royalty:

The PRRT could be replaced with a royalty based on the price of eligible output – that is, collecting a portion of the value of all gas and oil produced on liable projects. As a much simpler scheme than the PRRT, a royalty would be harder for producers to avoid. Its returns would shift with markets, imposing both a fairer burden on producers and a benefit to taxpayers as markets shift. This option has also been assessed as likely having 'minimal impact on investment' in the gas industry.¹⁶⁷

1.209 In her submission, Ms Allegra Spender MP suggested a progressive, price-based royalty, underpinned by a volume-based floor. She contended that such a proposal:

Captures windfall rents automatically, in real time, without discretionary intervention. Revenue-based and externally benchmarked, so transfer-pricing games are neutralised. The volume floor ensures a minimum return even at normal prices, addressing the chronic under-collection problem rather than only the cyclical windfall problem.¹⁶⁸

1.210 Ms Spender outlined 'enduring positive features' of such a proposal as follows:

- at normal prices, the rate is adequate and predictable;
- when prices spike due to geopolitical shocks, the marginal rate rises automatically, without discretionary intervention or retrospective legislation;
- the volume-based floor provides a stable revenue baseline throughout the cycle, enabling government to fund recurring services without dependence on windfall revenues; and

¹⁶⁵ The Superpower Institute, *Submission 29*, pp. 5–8.

¹⁶⁶ Institute for Energy Economics and Financial Analysis (IEEFA), *Submission 19*, p. 5.

¹⁶⁷ Australian Workers' Union, *Submission 70*, p. 9.

¹⁶⁸ Ms Allegra Spender MP, *Submission 125*, p. 7.

- external price benchmark prevents producers from using internal transfer pricing.¹⁶⁹

1.211 IEEFA's submission to the inquiry also supports a price-based royalty, but notes that its design should be informed by Queensland's coal royalty regime, rather than its gas royalty framework, as higher marginal rates ensure a larger share of windfall benefits are distributed.¹⁷⁰

Sovereign risk, trade relations and investment

Sovereign risk

1.212 Critics of the proposal for gas tax reform generally, and a 25 per cent export tax in particular, argued that a new tax would place too high a tax burden on corporations, resulting in significant sovereign risk and capital flight if Australia was no longer considered a safe place for investment.

1.213 Mr David Wawn of the Asia Natural Gas and Energy Association told the committee that:

Relatively low PRRT revenue does not necessarily mean that the Australian community is not receiving an equitable return from the use of its resources. The other objective of the PRRT is not to discourage investment.¹⁷¹

1.214 The committee heard evidence from industry that Australia is attractive due to its reputation as a stable, predictable and reliable environment for investment. If the tax settings changed, it was suggested, Australia may no longer be an attractive option.

1.215 Ms Samantha McCulloch of Australian Energy Producers (AEP) told the committee:

We need to look at this in a holistic way, in some ways, in terms of the sensitivity for investment. We're concerned about what we're seeing in terms of investment patterns, and that's one of the reasons that last year we asked Wood Mackenzie to do a study to assess Australia's investment competitiveness vis-a-vis peer countries that also have significant oil and gas resources. That includes the US, Canada, Norway, Nigeria and countries in South-East Asia. Alarmingly, what we found from that study is that Australia has demonstrably become a less attractive place for oil and gas investment.¹⁷²

¹⁶⁹ Ms Allegra Spender MP, *Submission 125*, p. 7.

¹⁷⁰ IEEFA, *Submission 19*, p. 7.

¹⁷¹ Mr David Wawn, Senior Adviser, Asia Natural Gas and Energy Association, *Committee Hansard*, 24 April 2026, p. 72.

¹⁷² Ms Samantha McCulloch, Chief Executive, Australian Energy Producers, *Committee Hansard*, 24 April 2026, p. 40.

1.216 INPEX – one of Japan's largest energy development companies – commented that it had invested in Australia on this basis, with representatives telling the committee at a public hearing:

In developing Ichthys LNG [a massive offshore development in WA's Browse Basin], INPEX and our joint venture participants have invested more than A\$76 billion in capital expenditure, and we did this on the basis of an implicit contract with Australia that long-term investments would be supported by stable and predictable policy settings, including tax and fiscal arrangements ... We recognise and respect the parliament's right to change policy, but altering the tax framework after such enormous capital has been committed risks breaching the spirit in which our investment was made. It also risks damaging Australia's hard-earned reputation as a stable, predictable and reliable destination for long-term investment.¹⁷³

1.217 Chevron Australia submitted that:

Like many large energy companies operating in Australia, Chevron's investment decisions are made in a global context, with Australian opportunities competing against projects in other jurisdictions for finite capital within a global portfolio. In this context, ongoing changes to regulatory and taxation settings reduce confidence in Australia's investment environment, while higher taxes can materially diminish Australia's competitiveness for internationally mobile capital.

For Australia to remain competitive, stability in fiscal settings is critical. Introducing an additional tax on LNG exports would increase perceptions of sovereign risk and further reduce Australia's attractiveness for long-term investment. For LNG projects with long lead times, confidence that fiscal settings will remain stable over decades is a core determinant of whether extension, backfill and new development opportunities proceed.¹⁷⁴

1.218 Representatives of the Queensland Resources Council (QRC) also told the committee that an export tax would affect Australia's attractiveness to global investors:

Companies are required to invest significant amounts of money to start up a development and, importantly, to continue to thrive with that development. We can't expect that that money is going to just flow naturally to Queensland, and I'll also say to Australia, if there are clear signals that the policy stability is just not here in this country. These companies are going to put on the line tens of billions of dollars over multiple decades, and they do need that certainty that they understand where the regulatory goalposts are and, importantly, what taxation and royalty rules that apply. If those are not attractive in Queensland or not attractive in Australia, they will choose to park that capital and invest it in other countries where their capital is more

¹⁷³ Mr Bill Townsend, Senior Vice-President, Corporate, INPEX Australia, *Committee Hansard*, 24 April 2026, p. 46.

¹⁷⁴ Chevron Australia, *Submission 23*, [p. 3]

welcome. And that is the sovereign risk issue that we have been talking about collectively as industry for many years.¹⁷⁵

1.219 ConocoPhillips took a similar view:

The Federal Government has previously received feedback highlighting the critical importance of maintaining stable, pro-investment policy settings that support continued investment in new gas supply, regional employment and Australia's fiscal position. Against that backdrop, the introduction of an across-the-board export tax of this nature — particularly while significant reform measures (including domestic gas reservation and export permitting measures) are being contemplated as part of the ongoing Gas Market Review — would further erode regulatory certainty, deter investment and amplify perceptions of sovereign risk. In addition, such a measure would disproportionately impact resource-intensive jurisdictions such as Queensland, which are responsible for the majority of east coast gas supply.¹⁷⁶

Impact on trade relations

1.220 Concerns were also raised that increased tax would negatively impact on Australia's relationships with significant trading partners, a particular risk at a time of global energy insecurity.

1.221 For example, the Hon Bill Johnston – a former Western Australian Minister for Mines, Petroleum and Energy – told the committee at a public hearing:

We rely on foreign investment for our resource industry. That would damage our foreign investment position. We're an expensive jurisdiction. People don't come here for cheap things; they come here for stability. So why would you go and undermine the one thing that gets investors to talk to us, which is our stability?¹⁷⁷

1.222 Ms Cecile Wake of Shell also commented on the impact of perceived fiscal instability for regional trade partners:

What our regional trade partners want to see, remembering that they are both the buyers of our LNG but also investors in those projects, is fiscal stability. They want to know that Australia remains committed to maximising the development of its oil and gas, and specifically LNG. They want to know that the investment settings are there that will be able to fulfil not only current binding LNG contracts but will be in a position, given the reserves that we have here in Australia, to be able to enter into longer term arrangements ... I think we would be portrayed as a country with significantly higher sovereign risk than we had at the time that \$400 billion of investment began to be put here in 2010. What we have seen since 2010—since the start of a very material, in anybody's language, phase of capital investment—has been significant regulatory and fiscal instability. Whether

¹⁷⁵ Ms Janette Hewson, Chief Executive Officer, Queensland Resources Council, *Committee Hansard*, 22 April 2026, p. 3.

¹⁷⁶ ConocoPhillips, *Submission 24*, [p. 2].

¹⁷⁷ Hon Bill Johnston, *Committee Hansard*, 24 April 2026, p. 66.

that has been changes to PRRT, whether it has been the introduction of the ADGSM on the east coast, whether it has been changes in royalty regimes, we've had significant fiscal instability. The magnitude of the changes that have been proposed here are not insignificant; they would be major changes to fiscal settings after the investment has been made ... And you don't need to take my word. They have told us.¹⁷⁸

1.223 Ms Tracey Winters of Santos also commented on this matter, in light of the impact of the war in the Middle East to global LNG supply:

Closure of the Strait of Hormuz has taken out around 10 per cent of global oil refined product supply, 20 per cent of global LNG supply and 13 per cent of global fertiliser supply ... so it is in Australia's interest to nurture our longstanding trade and investment relationships with our East Asian neighbours. A new tax on LNG exports to those countries that have made the inherently risky decision to invest in the development of Australia's gas resources would raise serious questions from our East Asian neighbours about sovereign risk in Australia. Not only would this jeopardise future investment in Australia's LNG industry; it could also call into question why those countries should prioritise Australia for their exports of the refined petroleum products and fertiliser that we need.¹⁷⁹

Response to sovereign risk and investment concerns

1.224 In contrast to the arguments outlined above, the committee received evidence that concerns about sovereign risk were overstated.

1.225 Dr Ken Henry described industry concerns about sovereign risk as 'self-serving' and suggested that they 'should be ignored':

Any proposal to generate more tax revenue from windfall gains accruing to foreign owners of capital will draw self-serving criticism from those supplying the capital, for the most part, the CEOs of multinational corporations. Invariably, it will be asserted that the proposal elevates 'sovereign risk'. The precise nature of the risk will not be explained. But it will be asserted that its elevation raises the cost to the Australian economy of foreign sourced capital, that there will be less foreign investment, and less foreign investment means lower productivity.

These assertions are self-serving and, in respect of proposals to tax windfall gains, reveal a lack of understanding of basic economic principles. Any investment proposal that at least meets its cost of capital in the absence of a windfall gains tax, or any of the other options for taxing supernormal profits, will still do so in the presence of such a tax. For those with an understanding of economics, this is merely a tautology.

...

If the sovereign risk is, rather, that the Australian Parliament might from time to time, and quite unexpectedly, make laws that are in the national

¹⁷⁸ Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, Wednesday 22 April, p. 14.

¹⁷⁹ Ms Tracey Winters, Chief Strategy Officer, Santos, *Committee Hansard*, 24 April 2026, p. 75.

interest, then this is obviously a risk premium worth paying. Avoiding reforms that are in the national interest merely in the hope of securing a lower risk premium on foreign sourced capital makes no sense.¹⁸⁰

1.226 The Tax Justice Network Australia and the Centre for International Corporate Tax Accountability & Research took a similar view that industry concerns about sovereign risk were misplaced:

The argument that any changes to taxation of gas resources would threaten future investments and create 'sovereign risk' is purely a scare tactic and one that the oil and gas industry attempts to use worldwide. The only sovereign risk is that Australia will continue to generate little or no government revenue from the boom in LNG exports while rising domestic energy prices decimate local businesses and continue to put a growing strain on household budgets. The PRRT has been changed many times – for the benefit of the industry – and none of these changes were labelled as 'sovereign risk'.¹⁸¹

1.227 The National Tertiary Education Union (NTEU) submitted that:

Concerns about sovereign risk or investment collapse do not withstand scrutiny. World gas prices are significantly higher today than at the time most of Australia's major gas projects were commenced. A 25 per cent levy on elevated prices would leave most long-term contracts more profitable in absolute terms than they were when they were signed. Comparable jurisdictions—including Norway and Qatar—extract far greater resource rents without compromising investor confidence. The Queensland Government's significant increases to coal royalties offer a recent domestic precedent: exports continued uninterrupted.¹⁸²

1.228 Numerous witnesses also confirmed that the incidence of any export tax would fall to producers, rather than being passed on to customers. Dr Henry told the committee:

... overwhelmingly the incidence falls on those who are the shareholders, really, of multinational companies. That's where the incidence would fall. Australia is a major gas exporter but is not a big influencer of the world price of gas.¹⁸³

1.229 Mr Marty Robinson of the Department of Treasury also told the committee:

I think a lot of the exports are underpinned by either long term contracts where prices are relatively well established or spot sales to markets where essentially it's a global market price which has been set so both of those

¹⁸⁰ Dr Ken Henry, *Submission 8*, pp. 3–4.

¹⁸¹ Tax Justice Network Australia (TJN-Aus) and Centre for International Corporate Tax Accountability & Research (CICTAR), *Submission 13*, p. 1.

¹⁸² National Tertiary Education Union (NTEU), *Submission 42*, [p. 3].

¹⁸³ Dr Ken Henry, Private capacity, *Committee Hansard*, 21 April 2026, p. 56.

factors would seem to suggest that the economic burden of any tax change would be more likely to fall on the producers.¹⁸⁴

1.230 Origin Energy confirmed that it would have to absorb the costs of any export tax, as their long term gas supply contracts did not include provisions to renegotiate terms following a change of law or change of tax.¹⁸⁵ In response to a question on notice, INPEX also confirmed that taxes would not be passed on to their customers.¹⁸⁶ Shell did not disclose its specific contract terms, but said:

... it is widely known that LNG Sale and Purchase Agreements have clauses which set a price for LNG over the term of the contract, subject to typically narrow periodic price review mechanisms.¹⁸⁷

1.231 Future Group told the committee that its modelling indicated a 25 per cent export tax would be unlikely to shift more than 2 per cent of export volumes to the domestic market or to impact prices:

We wouldn't imagine that this would be a particularly alarming figure for trade partners—it's very small, as I said, and surplus to additional contracts.¹⁸⁸

1.232 The Labor Environment Action Network (LEAN) also noted Australia's long and reliable history of regional trading, and opportunities for new investment as the economy transitions to clean energy:

We do need to take seriously the potential consequences on investment but also just on our trading partners. I think it would be a big mistake to assume that our trading partners are going to react in particular ways, particularly trading partners with whom we have very mutually dependent relationships in terms of energy trade. That is not to say that we shouldn't be doing things; it is just to say that we should be looking at all available options and choosing the one that is going to produce the best outcome for the Australian consumer and for the Australian taxpayer.¹⁸⁹

¹⁸⁴ Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury, *Committee Hansard*, 22 April 2026, p. 63.

¹⁸⁵ Mr Tim O'Grady, General Manager, Government Engagement, Origin Energy, *Committee Hansard*, 22 April 2026, p. 42.

¹⁸⁶ INPEX Australia, answers to questions on notice from a public hearing on 24 April 2026 (received 1 May 2026).

¹⁸⁷ Shell, answers to questions on notice from a public hearing on 22 April 2026 (received 1 May 2026).

¹⁸⁸ Ms Christina Hobbs, General Manager, Policy, Future Group, *Committee Hansard*, 21 April 2026, p. 51.

¹⁸⁹ Ms Janaline Oh, National Secretary, Labor Environment Action Network, *Committee Hansard*, 21 April 2026, p. 43.

Project profitability

1.233 As outlined under 'Current returns for Australian gas resources', many gas industries submissions referred to Wood Mackenzie modelling (appended to AEP's submission) indicating that a 25 per cent gas export tax would:

... result in an increased effective tax rate, and reduction in investment returns, on a scale that could make Australia's oil and gas projects uninvestable.¹⁹⁰

1.234 Shell Australia raised similar concerns:

Any regulatory changes which increase the Government's existing tax take on projects reduce the attractiveness of Australian resource projects as they compete for capital globally. Any regulatory changes, including those to the tax regime, impact new investment decisions, undermining gas supply and energy security.

This weakens the investment case for future gas supply and infrastructure while at the same time increasing sovereign risk and decreasing investor confidence when compared with other markets which are currently prioritising support for and derisking of additional energy investments.¹⁹¹

1.235 Santos agreed that '[t]ax changes are unlikely to lead to sustainable, additional revenue. They are more likely to lead to lower investment and capital flight from Australia.'¹⁹²

1.236 INPEX further commented in its submission that for more marginal projects:

In a global environment where capital is increasingly mobile, this policy uncertainty can make [financial investment decision (FID)] considerations in Australia more complex and may affect the commercial viability of more marginal projects.¹⁹³

1.237 In contrast, modelling commissioned by Future Group from independent energy and economic specialists Arthur D Little found that a 25 per cent gas export tax would not reduce investment returns below profitable rates. Future Group told the committee:

The impact on the IRR—this is the return that investors get—would likely diminish by between 1½ and two per cent. So we're seeing a very minimal impact on the overall profitability of existing projects. Now, as I said, we have heard figures being thrown around about the impacts on marginal projects or projects that wouldn't get off the ground anyway. I think the important thing to realise about that is that what we want from our exports is really to collect revenue.

¹⁹⁰ Australian Energy Producers, *Submission 69*, [p. 7].

¹⁹¹ Shell Australia, *Submission 25*, p. 3

¹⁹² Santos, *Submission 76*, p. 5.

¹⁹³ INPEX Australia, *Submission 72*, p. 4.

My other perspective on this would be that, even if there are cases where some of these projects that are hypermarginal might not be able to proceed with this level of tax, should we not take a broader step back and look at the benefits to our economy and say, 'Overall, we're far better off getting revenue in from existing projects than we are trying to protect a few marginal projects here and there that are currently delivering very limited revenue.'¹⁹⁴

1.238 The Future Group also submitted that:

History has taught us that investment has continued to flow into Australia gas projects, despite policy settings that marginally reduce profitability. Western Australia has attracted more than A\$250 billion in LNG investment while maintaining a 15 [per cent] domestic gas reservation policy since 1984.¹⁹⁵

UK Energy Profits Levy

1.239 A number of submissions discussed the United Kingdom's model where oil and gas producers now face a 78 per cent marginal tax rate, including the Energy Profits Levy introduced in 2022 as a temporary windfall tax. AEP commented:

The United Kingdom's Energy Profits Levy has led to significant decreases in investment and put billions of dollars in potential capital expenditure at high risk.¹⁹⁶

1.240 Chevron also advised that a model like the United Kingdom's could threaten investment:

International examples of reactive tax policies, including in the United Kingdom (UK), demonstrate these negative impacts and show these taxes do not deliver the long-term government revenue they were designed for.¹⁹⁷

1.241 Shell Australia stated that the UK's 'fiscal stability has been eroded by the introduction of, and subsequent changes to, the UK Energy Profits Levy' and cautioned that similar tax changes in Australia would make us 'the least fiscally attractive regime among peer oil and gas jurisdictions'.¹⁹⁸

1.242 However, Mr Josef Rafalowicz of Greenpeace contended that the UK levy was not the cause of decline, but an attempt to derive revenue from a field already in structural decline:

[I]n 2024 the UK government had announced that they weren't going to award new oil and gas licences in the North Sea because they wanted to phase out of fossil fuels because oil and gas didn't have a long-term future

¹⁹⁴ Ms Christina Hobbs, General Manager, Policy, Future Group, *Committee Hansard*, 21 April 2026, pp. 49–50.

¹⁹⁵ Future Group, *Supplementary Submission 71.1*, [p. 9].

¹⁹⁶ Australian Energy Producers, *Submission 69*, p. 1.

¹⁹⁷ Chevron Australia, *Submission 23*, p. 1.

¹⁹⁸ Shell Australia, *Submission 25*, p. 3.

or were not going to ensure the prosperity of the UK. So of course investment fell. It was part of a deliberate policy move. It was not an unintended consequence; it was an intended consequence.¹⁹⁹

Impact on domestic supply

1.243 The committee heard a range of evidence regarding the impact of an export tax on domestic gas supply.

1.244 A number of stakeholders considered that Australia should be increasing supply of gas for energy security, to ease energy and cost of living pressures and as a transition fuel to cover any time lag in the take-up of renewables (see 'Supporting transition to a clean economy').

1.245 The Institute for Energy Economics and Financial Analysis (IEEFA) submitted that a potential international oversupply of gas over the next five years could make the climate for investment uncertain, even in the absence of taxation reform:

The International Energy Agency (IEA) estimated at the end of last year that global LNG supply will increase by at least 50% by 2030 based on projects under construction. This would only be slightly lowered by the damage to two of Qatar's 14 LNG trains. Most market analysts are pointing to this unprecedented increase in supply leading to a large supply glut, and steep drop in prices in the coming years, which has only been postponed by the Iran war.

At the same time, the war has triggered the second LNG supply crisis in just 5 years, in turn damaging the reputation of LNG as an affordable and secure energy source. While the war is less than two months old, we have already seen a range of countries take steps to reduce their reliance on imported LNG. This includes LNG projects being cancelled in China and Vietnam. The more prolonged the war in Iran is, the more likely it is that further demand-side measures will be implemented.

With LNG supply still set to increase dramatically in coming years, and with demand growth already being impacted, there is a real question about whether new Australian LNG or LNG backfill projects will be competitive and bankable and therefore reach final investment decision. That is, there may not be material future investment at risk from taxation reform. In this sense, it is important that the public benefits from reformed gas taxation are weighed up against the potential public costs based on credible future investment pathways.²⁰⁰

1.246 The Hon Bill Johnston, a former Western Australian Resources Minister, commented in his submission:

¹⁹⁹ Mr Josef Rafalowicz, Head, Climate and Energy, Greenpeace Australia Pacific, *Committee Hansard*, 21 April 2026, p. 41.

²⁰⁰ Institute for Energy Economics and Financial Analysis (IEEFA), *Opening statement* (tabled 21 April 2026).

In Western Australia, the North West Shelf, Gorgon and Wheatstone LNG projects have domestic gas plants, and this domestic gas production is the cornerstone of Western Australia's domestic gas supply.

Without these LNG projects, Western Australia would have significantly less supply of domestic gas and we would be in energy crisis ...

Changes to taxation arrangements must have as their first objective the supply of gas, not meaningless ideology.²⁰¹

1.247 The committee received evidence that Australia's abundance of natural gas resources meant that all Australians should share in the benefits. For example, Ms Kellie Caught of the Australian Council of Social Service (ACOSS) told the committee that:

Australia has more than enough gas to meet domestic needs. This issue is not a supply issue; it is how the supply is prioritised and how the benefits are shared.²⁰²

More gas for Australians – cheaper domestic supply

1.248 The committee received evidence that imposing a flat export tax on gas would increase supply and reduce prices in the Australian domestic market. For example, at a public hearing, Dr Ken Henry told the committee that:

The reason an export tax is so important for Australia now is that, in 2013 ... we had cheap gas in Australia because we didn't export it from the east coast. There was abundant gas on the east coast, and everyone that wanted it could get it cheap. But the minute we hooked it up to the world market, the price of gas went up 300 per cent. There was no compensation for households or industry or anything else. The price of gas just went up 300 per cent once we started exporting it.

Once we put an export tax on, those exporters, in order to avoid the export tax, are going to compete with each other to sell it to Australians. My prediction is that the wholesale price of gas will fall by 24.99 per cent because all of the gas companies will be competing to sell a molecule to anyone they can, tax free. They're better off selling it at a 24.99 per cent discount to Australians than selling it to someone in Japan and paying a 25 per cent tax. We will see a significant increase in the supply of gas and a significant reduction in the price of gas, and the Commonwealth will collect a significant amount of revenue. Economics never got better for parliament than an export tax.²⁰³

1.249 The Future Group indicated that:

... we support reforms that strengthen the taxation of Australian gas exports and improve the functioning of the domestic gas market. Australia's natural resources should deliver a fair return to the Australian people while also

²⁰¹ Hon Bill Johnston, *Submission 33*, p. 7.

²⁰² Ms Kellie Caught, Program Director, Climate and Energy, Australian Council of Social Service, *Committee Hansard*, 21 April 2026, p. 19.

²⁰³ Dr Ken Henry, Private capacity, *Committee Hansard*, 21 April 2026, p. 8.

supporting domestic economic resilience. A more effective revenue raising framework should both strengthen public finances, and improve domestic price outcomes.²⁰⁴

1.250 The National Tertiary Education Union (NTEU) argued that:

Critically a gas export levy would not increase the price of gas sold to Australian households or businesses. By definition, the levy applies only to gas that is exported. In fact, as the Australia Institute has argued, such a levy would create an incentive for exporters to divert more gas to the untaxed domestic market, increasing domestic supply and putting downward pressure on domestic gas prices.²⁰⁵

1.251 The Tasmanian Climate Collective submitted that:

A flat tax on export revenue would be simple, fair and effective. It would only apply to exports, creating an incentive for gas companies to supply more gas to the Australian domestic market. This would put downward pressure on energy prices for our homes and businesses.²⁰⁶

1.252 The Australian Workers' Union (AWU) submitted that:

The option of imposing a levy on the very large volume of Australian gas supplied for export as LNG, as many stakeholders have championed, also carries its own considerable attractions. Like a royalty, it could be designed to 'wax and wane' with higher or lower gas prices. It would also incentivise producers to supply relatively more gas into the domestic market, thereby minimising their tax liability. This would represent a boon to the same industrial facilities and households that stand to benefit from a well-designed east coast gas reservation.²⁰⁷

Gas reservation schemes

1.253 The committee received evidence regarding how a 25 per cent flat tax on gas exports could interact with existing west coast gas reservation and the proposed east coast gas reservation scheme. The Australian Council of Trade Unions (ACTU) recommended implementation of both:

- a 25% export tax on liquified natural gas revenue; and
- an effective and complementary domestic gas reservation scheme that reserves substantial volumes of gas for domestic use starting in 2027.²⁰⁸

1.254 The Australian Council of Social Service (ACOSS) suggested that:

The Federal government should implement further measures to improve energy security and affordability for households and businesses while reducing carbon emissions, including ... [c]ontinued development of the

²⁰⁴ Future Group, *Supplementary Submission 71.1*, [p. 3].

²⁰⁵ National Tertiary Education Union (NTEU), *Submission 42*, p. 3.

²⁰⁶ Tasmanian Climate Collective, *Submission 3*, [p. 1].

²⁰⁷ Australian Workers' Union, *Submission 70*, p. 9.

²⁰⁸ Australian Council of Trade Unions (ACTU), *Submission 75*, p. 1.

East Coast domestic gas reservation, including coverage of long-term and spot market sales.²⁰⁹

1.255 The Lock the Gate Alliance supported the introduction of a tax on gas exports, in conjunction with 'the introduction of a gas reservation system that includes':

- An export permitting framework that has the capacity to place limits on gas exports;
- A National Interest Test on new/extended LNG export contracts that considers:
- Australia's duty to prevent climate change harms within and beyond its borders, as articulated in the International Court of Justice (ICJ) ruling on *Obligations of States with Respect to Climate Change*;
- Australia's ability to satisfy the objects of the *Climate Change Act 2022*;
- The impact that delivering the contract would have upon communities, First Nations culture, land, water and biodiversity; and
- The impact that delivering the contract would have upon Australian manufacturers and the domestic gas market.²¹⁰

1.256 The AWU submitted that a tax on gas exports could interact positively with a gas reservation scheme:

The option of imposing a levy on the very large volume of Australian gas supplied for export as LNG, as many stakeholders have championed, also carries its own considerable attractions. Like a royalty, it could be designed to 'wax and wane' with higher or lower gas prices. It would also incentivise producers to supply relatively more gas into the domestic market, thereby minimising their tax liability. This would represent a boon to the same industrial facilities and households that stand to benefit from a well-designed east coast gas reservation.²¹¹

1.257 The Lock the Gate Alliance indicated that introducing a tax and a gas reservation system together would:

... help to maximise benefits for Australians while minimising the risk of government revenue becoming too dependent on the gas industry over the medium-long term, which in turn would introduce unacceptable risks to rural and regional communities fighting onshore gas expansion.²¹²

1.258 The Chamber of Minerals and Energy WA (CMEWA) observed that:

WA's longstanding domestic gas reservation policy ensures that new LNG export projects are net contributors to gas supply in the domestic market, with half of WA's domestic gas demand met from LNG export projects over the past decade. This bolsters domestic energy security, insulates local

²⁰⁹ Australian Council of Social Service (ACOSS), *Submission 45*, p. 2

²¹⁰ Lock the Gate Alliance, *Submission 2*, [pp. 1–2].

²¹¹ Australian Workers' Union, *Submission 70*, p. 9.

²¹² Lock the Gate Alliance, *Submission 2*, [p. 2].

producers from global gas price shocks and results in lower input costs for local downstream manufacturing.²¹³

1.259 Industry representatives suggested that regulatory settings on gas reservation should be consistent nationally, while taking into account historical differences between the markets. For example, the Business Council of Australia told the committee that:

... as a nation, we should look at our east and west coast resources and gas industry—step back and look at it as a whole. I think there should be some evenness in how incentives and regulatory settings are applied. Having said that, there is a history of differences between the west and the east. The west have a domestic reserve, for example, whereas the east coast doesn't have one yet. There's a recommendation for one, and one is potentially being designed. Some sort of uniformity would be good in principle, but the caveat that I put is that, historically ... stable policy is incredibly important, so you wouldn't want to be making the two regions identical for the sake of it. If you sacrifice policy stability, you need to weigh that up. But I think the principle would be that capital invested in the gas sector needs to get a good return, so you would look at the country and say, 'How do we optimise our west coast and our east coast?' This applies to energy more broadly, but to gas as well. You would be looking for a level playing field for investors across the country, but policy stability is important. The two coasts have a different history, so that needs to be respected.²¹⁴

... we are supportive of the government's efforts to establish a domestic reservation policy—prospectively. We see that there is, of course, that critical and difficult balance to be achieved between, on the one hand, pushing sufficient gas into the market as to achieve the desired price reductions and, on the other hand, to make sure that you don't deter future investment. But we've been supportive and continue to be supportive of the processes that are under way and the work that the government's doing.²¹⁵

Issues with export tax when considered alongside gas reservation policy

1.260 The committee heard evidence about how the proposed gas export tax could interact with such a domestic gas reservation scheme, to discourage investment.

1.261 Shell Australia submitted that:

A poorly designed domestic gas reservation will exacerbate domestic supply concerns, materially erode investment and undermine the economic contributions that gas producers make to Australia via direct investment, taxes and royalties.²¹⁶

²¹³ Chamber of Minerals and Energy WA (CMEWA), *Submission 59*, [pp. 1–2].

²¹⁴ Mr Steven Wright, Director, Energy and Climate Change, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 29.

²¹⁵ Mr Bran Black, Chief Executive, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 29.

²¹⁶ Shell Australia, *Submission 25*, p. 2.

1.262 ConocoPhillips submitted that introduction of a tax could interact with other processes to discourage investment:

The Federal Government has previously received feedback highlighting the critical importance of maintaining stable, pro-investment policy settings that support continued investment in new gas supply, regional employment and Australia's fiscal position. Against that backdrop, the introduction of an across-the-board export tax of this nature—particularly while significant reform measures (including domestic gas reservation and export permitting measures) are being contemplated as part of the ongoing Gas Market Review—would further erode regulatory certainty, deter investment and amplify perceptions of sovereign risk. In addition, such a measure would disproportionately impact resource-intensive jurisdictions such as Queensland, which are responsible for the majority of east coast gas supply.²¹⁷

1.263 Mr Black of the Business Council of Australia (BCA) told the committee that the BCA was supportive of a well-designed domestic gas reservation scheme to secure domestic supply, but it was not supportive of a 'new tax that undermines the very investment needed to deliver that supply'.²¹⁸ He told the committee:

You cannot solve a supply problem by making supply less attractive to develop. Australia already ranks 38th out of 42 economies on business taxation in our own Global Investment Competitiveness Index. We are a high-tax jurisdiction competing for globally mobile capital... A new tax would not solve the supply problem; it would make it worse.²¹⁹

1.264 Origin Energy observed that:

A robust LNG export sector plays a central role in underpinning new upstream gas development and exploration by providing the scale and revenue certainty required to support large capital investments. This export-linked development, in turn, delivers incremental supply into the domestic market and is essential to the effective operation of any future gas reservation scheme. Weakening the commercial foundations of LNG projects risks undermining the very supply base upon which domestic gas availability depends.²²⁰

1.265 Senex raised the following issues regarding a reservation policy:

- if a reservation policy is introduced it must not result in an 'oversupply' to the domestic market as this will lead to lower investment and decreased competition;

²¹⁷ ConocoPhillips, *Submission 24*, [p. 2].

²¹⁸ Mr Bran Black, Chief Executive, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 27.

²¹⁹ Mr Bran Black, Chief Executive, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 27.

²²⁰ Origin Energy, *Submission 30*, p. 4.

- the Commonwealth and States should incentivise the voluntary release and transfer of undeveloped high-value acreage and streamline approval processes; and
- if a reservation policy is introduced it must not contain a 'must supply obligation'.²²¹

Community benefits

1.266 The terms of reference for this inquiry invite an examination of how additional tax revenue could be used, including to provide cost of living relief for households and businesses and reduce dependence on imported fuel.

1.267 Dr Ken Henry suggested three main areas in which revenue from a tax on gas exports could be used to benefit all Australians:

In evaluating distributional options, consideration might be given to three dimensions: public debt management; nature repair; and boosting productivity. All three dimensions are highly significant for the living standards of future generations and thus offer the opportunity to address sources of intergenerational inequity.

Revenue raised from a windfall gains tax could be invested in a sovereign wealth fund for the benefit of future generations. But paying down public debt has much the same consequences. Since the burning of fossil fuels has been a major, and increasing, cause of nature loss, there is a strong case for using some of the proceeds of a windfall gains tax to undertake nature repair. And a windfall gains tax provides the opportunity to develop a broader tax reform package, including reforms to personal income tax rates and company tax, lifting flagging rates of productivity growth.²²²

1.268 As discussed under 'Potential reforms to increase tax revenue', analysis shows a 25 per cent tax on gas exports could generate annual revenue of \$17 billion. The committee received evidence suggesting a range of initiatives where this additional revenue could be spent, including:

- delivering better social services;
- investing in renewable energy; and
- other environmental initiatives.

Delivering better social services

1.269 The committee received evidence that additional revenue generated by a 25 per cent tax on gas exports could be used to improve social services, including health, disability services and the NDIS, and education, as well as initiatives to address cost of living pressures.

1.270 Mr Ketan Joshi, an independent energy analyst living in Norway, provided insights into the social benefits he sees coming from Norway's higher tax regime:

²²¹ Senex, *Submission 34*, p. 2.

²²² Dr Ken Henry, *Submission 8*, p. 2.

The primary example that I would provide is really just the level of support for child care and health care that you get in a country like Norway. Obviously, the revenue from fossil fuel exports that's provided to the government plays a big part in this. Combine that with the politics of Norway, the social democracy, and you end up with a very high level of support.

Something that I think is really, really important is the cultural and psychological effect that this social safety net provides. When I talk to my friends here, when we talk about the lived experience of a country that really focuses on support for people day to day—stuff that wears people down in other countries is something that really just doesn't enter your mind here. And I don't mean to brag; I very much mean to say this is something that other countries should be doing in the way Norway is doing it.²²³

1.271 Parents for Climate Action submitted that additional revenue:

... could fund dental and mental health in Medicare, help the roll-out of climate solutions, boost the Future Fund, or ease pressure on household budgets. Instead, it is flowing offshore to multinational corporations.²²⁴

1.272 The Australian Services Union (ASU) also suggested that a 25 per cent flat tax on gas exports could fund improvements to community services:

Australian workers are living through an unacceptable cost of living crisis. Workers are struggling to afford fuel, meaning they can't get to work. They're being squeezed by successive interest rate hikes, to pay for a war they didn't start, and deal with price gouging they'd rather avoid ...

The ASU has long called for community service funding to be long-term, of at least five years to provide secure jobs for hard-working community sector workers. Discounts must not be provided to gas companies while the work of community sector workers remains insecure and pay unequal due to unstable funding.

These funds could also fund improvements to community services delivered through local councils. ASU local government members have been making the case that councils are inadequately funded to provide the infrastructure and vital services community members rely on. It is wrong to provide tax discounts to gas companies when our councils are underfunded.²²⁵

1.273 The Community Industry Group observed that:

Australia faces growing demand and funding pressures across critical social sectors, including:

- Disability care
- Childcare
- Aged care

²²³ Mr Ketan Joshi, Private capacity, *Committee Hansard*, 21 April 2026, p. 63.

²²⁴ Parents for Climate Action, *Submission 17*, pp. 2–3.

²²⁵ Australian Services Union, *Submission 44*, p. 2.

- Health care
- Education
- Housing

Revenue generated from a gas export tax could be directed toward improving service quality, expanding access, and addressing systemic gaps in these areas. Strengthening these sectors is essential to improving living standards and supporting economic participation. Additional revenue from a 25% gas export tax could also be directed to raising the rate of JobSeeker, Youth Allowance and related payments, lifting more people out of poverty and improving outcomes for vulnerable people and families.²²⁶

1.274 Similarly, the Conservation Council of WA indicated that additional revenue could be spent on 'public healthcare, dental, aged care, disability services, education and housing'.²²⁷

1.275 The Greens WA suggested that gas corporations had made \$41 billion exporting Liquefied Natural Gas (LNG) in 2023–24, while the WA government had received only \$750 million in royalties. They suggested that a gas export tax could fund 'essential government programs' including:

- build more affordable and public homes;
- providing free lunches in every school;
- freezing and capping rents;
- capping grocery prices;
- protecting precious natural places and the people who rely on them;
- funding the transition to renewable energy to create cheaper, more reliable energy; and
- paying for climate damage.²²⁸

1.276 The National Tertiary Education Union (NTEU) emphasised that additional revenue generated by a tax on gas exports could bolster the tertiary education sector:

Universities are also public goods. They educate the nurses, teachers, engineers, social workers, scientists and policy professionals on whom Australian society depends. They conduct the basic and applied research that underpins innovation, health outcomes and national productivity. When universities are underfunded, the costs are diffuse and long-term, but they are real: graduates with heavier debts, staff on insecure contracts, research programs abandoned, participation by disadvantaged students stalled.

The case for using gas export levy revenue to fund universities and other public goods in Australia is therefore not merely pragmatic—it is principled. One form of public wealth (natural resources) should be harvested to sustain

²²⁶ Community Industry Group, *Submission 54*, [p. 2].

²²⁷ Conservation Council of WA, *Submission 4*, p. 9.

²²⁸ The Greens WA, *Submission 53*, pp. 2–3.

another (knowledge and human capital). This is precisely the logic that has underpinned Norway's sovereign wealth fund model, which has used petroleum revenues to build an inter-generational public endowment that has secured the future of Norway.²²⁹

1.277 The committee received evidence that revenue generated by a tax could be invested in a range of renewable energy initiatives, to cut climate pollution and energy costs.

1.278 For example, the Climate Council of Australia suggested that revenue raised through increased taxation of gas exports should be directed toward permanent measures to reduce climate pollution, dependence on fossil fuels, and costs to households and businesses, with priorities including:

- Delivering household energy upgrades, including household electrification, energy efficiency, and access to rooftop solar and home batteries—particularly for low- and modest-income households and renters. This could be delivered through an overhaul of the Household Energy Upgrades Fund.
- Accelerating the move to clean transport, by supporting the uptake of electric vehicles, investing in charging and supporting infrastructure, and improving the quality and uptake of shared and active transport. For example, revenue could be used to extend EV fringe-benefits tax exemptions or discounts to shared and active transport, like public transport fares or e-bike leasing.
- Boosting industry productivity with low-cost renewable energy, including co-investing in research, development, and implementation of zero-emissions mining, manufacturing, and industrial processes.²³⁰

1.279 This view was shared by the Australian Council of Social Service (ACOSS), who told the committee at a public hearing:

\$17 billion a year can certainly go towards supporting the acceleration of renewable energy in this country and, in particular, helping households. ACOSS has been doing a lot of work around how we can permanently reduce energy bills, especially those of low-income households—we're talking about people in social housing, private rentals, low-income homeowners—by helping them improve their home energy upgrades. Those are things like insulation, access to solar batteries and other thermal efficiencies, and we know that that can reduce bills permanently by up to \$1,300 a year. This isn't a one-off rebate or a sugar hit; these are permanent reductions that will help people and also make them more resilient to climate change, particularly heatwaves. Of course, it will help reduce emissions. We'd also like to see—and we've been doing some work around

²²⁹ NTEU, *Submission 42*, [pp. 5–6].

²³⁰ Climate Council of Australia, *Submission 27*, pp. 3–4.

this—better targeted measures to help people access electric vehicles, for example.²³¹

1.280 The Australian Nursing and Midwifery Federation submitted that additional revenue from reformed gas taxation could be directed toward increasing health service provision and taking measures to reduce cost of living pressures including home energy bills with the dual benefit of reducing dependence on imported fuels:

Because energy costs are significant, rising, and recurring component of household expenditure a long-term electrification investment strategy, funded in part through the proposed new gas company taxes, would deliver permanent bill relief to the workers and households that need it most. Measures that would alleviate this pressure whilst also reducing Australia's dependence on imported fuel sources and invest in electrification and home energy bill savings include:

- (a) Immediate subsidies and upfront financing to reduce or eliminate the cost of home energy upgrades and rooftop solar for low- and middle-income households, including the estimated 1.2 million low-income homes currently without access to electrification retrofits.
- (b) Mandatory minimum energy performance standards for rental properties, coupled with renter protections. This would directly address the barriers faced by the approximately 30% of Australians in private rentals, a cohort that includes a significant proportion of healthcare workers.
- (c) Fully funded upgrades to public, community, and First Nations housing.²³²

1.281 Farmers for Climate Action suggested a range of opportunities for 'strategic long term investment in areas underpinning Australia's food security' that would 'reduce Australia's structural dependence on imported fossil fuels, improving energy security over the medium and long term':

- on-farm, rural and remote renewable energy infrastructure to reduce farmers' dependence on diesel and grid electricity and bolster energy security in regional areas;
- infrastructure investment in regional and rural communities, including roads, water security and digital connectivity;
- funding for climate adaptation research through CSIRO and state agricultural bodies, to support farmers in adapting to shifting conditions; and

²³¹ Ms Kellie Caught, Program Director, Climate and Energy, Australian Council of Social Service, *Committee Hansard*, 21 April 2026, p. 20.

²³² Australian Nursing and Midwifery Federation, *Submission 64*, pp. 9–10.

- emerging technologies, including electric and hydrogen-compatible farm machinery to reduce the long-term exposure of agricultural businesses to fossil fuel price volatility.²³³

1.282 Friends of the Earth suggested that collecting \$17 billion in Petroleum Resource Revenue Tax (PRRT) over 10 years could be used to establish a \$170 billion Energy Justice Fund, for expenditures including:

- First Nations Resource Rent — \$20 billion
- Free Electrification for Low-Income Households — \$30 billion
- Social and Community Housing — \$10 billion
- Middle-Income Gas Disconnection — \$18 billion
- Multicultural and Community Organisation Support — \$6 billion
- Transport Electrification — \$28 billion
- Community Energy and Shared Solar — \$14 billion
- Workforce Development and Just Transition — \$8 billion
- Climate Adaptation Fund — \$31 billion²³⁴

Impacts on regions

1.283 The committee also heard evidence about the community contributions made by the gas industry, particularly in regional areas, including through taxes and levies, investment in infrastructure, jobs and sponsorships. Some witnesses contended that these benefits would be at risk if an export tax led to reduced investment.

1.284 The committee heard evidence from the gas industry that it invests in the community as a whole. For example, representatives of Woodside told the committee at a public hearing that it makes a 'very substantial contribution' back to the community through tax royalties and other levies, commenting:

When Woodside succeeds, Australian workers, communities and shareholders share in that success and governments receive the revenue needed to fund essential services such as hospitals, schools and roads.²³⁵

1.285 Woodside discussed the concept of its 'social licence' which is 'manifested through partnerships with community organisations' in addition to 'the thousands of people we employ in Western Australia [and] through the dividends we pay to 500,000 retail shareholders in Australia'. Woodside

²³³ Farmers for Climate Action, *Submission 77*, [pp. 3–4].

²³⁴ Friends of the Earth Australia, *Submission 36*, pp. 4–5.

²³⁵ Mr Graham Tiver, Executive Vice President and Chief Financial Officer, Woodside Energy Ltd, *Committee Hansard*, 24 April 2026, p. 17.

estimated that this contribution had amounted to 'almost A\$25 million' in Western Australia last year.²³⁶

1.286 Ms Tracey Winters of Santos discussed Santos' sponsorship of the Wallabies, telling the committee:

... it's about taking elite sport into the regions ... where kids don't generally get the opportunity to do coaching with their sporting heroes.²³⁷

1.287 INPEX submitted that it 'contributes to regional economies in the Northern Territory and Western Australia ... through local procurement, First Nations partnerships and funding, scholarship programs, community initiatives, and infrastructure investment'.²³⁸

1.288 Similarly, Ms Cecile Wake commented at a public hearing that Shell's investment in Queensland Coal Seam Gas (CSG), as well as its \$6.8 million per annum in social investment and \$10 million per annum in community programs had '[e]ffectively ... transformed ... regional communities'.²³⁹ She noted that Shell Australia had:

... paid \$370 million to local landholders who host our infrastructure. That is money that they can reinvest in their property. It's a droughtproof annuity. Many of those farmers have used that to invest in better quality farm equipment, like silos that keep their crops dry throughout. They've used that to manage their way through the succession challenges that many rural families have.²⁴⁰

Employment

1.289 Many stakeholders commented that the gas industry is a significant employer of Australians, implying that an attenuation of projects in Australia as a result of a gas export tax would damage the employment market.

1.290 For example, Australian Energy Producers noted that the Australian gas industry 'directly employs over 30 000 people and contributes to the employment of over 215 000'.²⁴¹

1.291 Woodside commented that it:

²³⁶ Mr Tony Cudmore, Executive Vice President, Sustainability, Policy and External Affairs, Woodside Energy Ltd, *Committee Hansard*, 24 April 2026, p. 19.

²³⁷ Ms Tracey Winters, Chief Strategy Officer, Santos, *Committee Hansard*, 24 April 2026, p. 75.

²³⁸ INPEX Australia, *Submission 72*, p. 3.

²³⁹ Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, 22 April 2026, p. 19.

²⁴⁰ Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, 22 April 2026, p. 19.

²⁴¹ Australian Energy Producers, *Submission 69*, p. 16.

... employ[s] around 3,700 people in Australia and are headquartered in Perth, Western Australia. Woodside supports its workforce and communities it works in, such as the Pilbara region of Western Australia, through apprenticeships and training initiatives, investing in local education and housing. We also create long-term employment opportunities and partner with First Nation businesses.²⁴²

1.292 Chevron commented that its investment together with that of its joint venture partners – comprising over \$80 billion in development and more than \$20 billion in operating gas supply – in the Gorgon and Wheatstone projects had:

... created and supported Australian jobs, with thousands needed to construct the facilities over several years, and over 3,600 people currently working with us each day to support our operations and business activities.²⁴³

1.293 Looking to the future, Chevron added:

With further investment planned to sustain production, bring on additional gas supply, and decommission our projects, Chevron Australia intends to be in Australia for decades to come.²⁴⁴

1.294 Similarly, Ms Wake told the committee that Shell Australia employs more than 2 200 people directly and engages a large contractor workforce, particularly in regional Australia.²⁴⁵

1.295 Providing a community perspective, the Western Downs Regional Council in Queensland explained that '[t]he gas industry is central to the economic fabric of the Western Downs region', and that an additional tax 'could have several negative impacts, including reduced investment and economic growth, disincentivising regional development and impacting on employment'.²⁴⁶ It submitted:

The Western Downs region relies on ongoing investment in the gas sector to maintain its economic momentum. A gas tax could reduce profitability for producers, making it less attractive for new investment. This could result in delayed or cancelled exploration and production projects, which would have far-reaching impacts on local employment and economic growth.²⁴⁷

²⁴² Mr Graham Tiver, Executive Vice President and Chief Financial Officer, Woodside Energy Ltd, *Committee Hansard*, 24 April 2026, p. 17.

²⁴³ Chevron Australia, *Submission 23*, p. 1.

²⁴⁴ Chevron Australia, *Submission 23*, p. 1.

²⁴⁵ Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, 22 April 2026, pp. 19 and 24.

²⁴⁶ Western Downs Regional Council, *Submission 9*, pp. 1–2.

²⁴⁷ Western Downs Regional Council, *Submission 9*, p. 2.

1.296 The committee also received evidence that a tax could in fact increase energy prices for Australian households and industry. For example, the Chamber of Commerce and Industry WA submitted that:

Higher taxes would raise the cost of gas and place upward pressure on energy prices for downstream users. Even taxes framed as applying to exports can be passed through into domestic markets via contract pricing, supply incentives and market expectations. Access to affordable energy is fundamental to the competitiveness of trade-exposed sectors such as manufacturing and mining. Raising gas taxes, therefore, has economy-wide consequences: it lifts costs, erodes investment attractiveness, and risks shifting activity and capital to lower-cost jurisdictions and export competitors.²⁴⁸

1.297 Discussing cost-of-living concerns, Santos submitted that rather than introducing tax changes:

The best way to provide cost of living relief for households and businesses is to ensure the investment settings are right to attract private investment in the ongoing development of Australia's vast oil and gas resources. In turn, this will ensure Australia can always insulate itself from international price shocks. Markets must also be efficient and competitive to put downward pressure on energy prices, with heavily regulated markets characterised by inefficiency, lack of competition and higher prices.²⁴⁹

Supporting transition to a clean economy

Addressing climate change risks

1.298 The committee received evidence that not effectively taxing gas resources creates additional risks for Australia, including amplifying the consequences of climate change and hampering the transition to renewable energy sources.

1.299 Mr Ketan Joshi noted reports of a steady decline in gas demand in Asia, and told the committee that the decline is driven in large part by competition from renewable energy. He noted the pain that increased gas prices cause communities:

The data from just the past month are mind-blowing. I've never really seen demand destruction like this for fossil fuels. The increase in the price of gas is not good. This is something that we are seeing really having a crippling effect. I've seen photographs, from where my family live in India, in Gujarat, of people queuing up at petrol stations. It's really horrible to see. It's a crunch and it's painful, and we don't want a transition away from fossil fuels that is painful.

What taxation allows us to do is manage the decline in a way that manages the pain, instead of what is currently happening ... We want to see taxation of fossil fuels so that we can manage the increase in prices in such a way that

²⁴⁸ Chamber of Commerce and Industry WA, *Submission 51*, [p. 2].

²⁴⁹ Santos, *Submission 76*, p. 5.

the money actually flows back to the people and we don't see that horrible sight of people queuing up at petrol stations ... Taxation allows us to do a transition that is not painful for people.²⁵⁰

1.300 Jubilee Australia submitted that a tax on gas exports would support energy transition by discouraging investment in fossil fuels:

A 25% tax on all Australian gas exports would not only ensure multinational corporations are contributing more equitably to government revenue, but as a deterrent to investment, would also contribute to the transition away from fossil fuels; changing investment behaviour in favour of alternative i.e. renewable forms of energy, and turning the tide on the expansion of gas projects. The International Energy Agency (IEA) has stated that no new gas projects are needed in the global pathway to net zero emissions by 2050, in line with limiting the average global temperature increase to 1.5°C.²⁵¹

...

It is unjust to allow companies to profit from another energy crisis, expand fossil fuel production further and lock us into decades of increasing emissions and climate catastrophe. The real opportunity here is to decouple energy markets from the geopolitical volatility of commodity markets by prioritising energy sovereignty and accelerating the transition to renewables across the region.²⁵²

1.301 Climate Safe Solutions highlighted that:

Providing royalty-free Australian gas to [Liquefied Natural Gas (LNG)] exporters creates a strong economic incentive for this production. It allows LNG to be sold into global energy markets at lower cost with higher profits for exporters than would otherwise be the case. This LNG directly competes with, displaces, and suppresses growth in renewable energy.

This has significant economic implications for Australia. Australian communities will bear the economic costs of climate change, without the benefit of royalty income that could be invested by in climate adaptation and resilience, affordable clean energy and reducing greenhouse gas emissions.²⁵³

1.302 The Australian Nursing and Midwifery Federation suggested that improved taxation of gas exports could help compensate for climate-related financial impacts of fossil fuels:

The impacts of climate change are increasing in frequency and severity and negatively affecting the health and wellbeing of ordinary Australians every day. Nurses and midwives are already seeing the effects of climate change and managing the downstream health consequences: heat-related illness, worsening respiratory disease, disaster-related trauma, and the mental

²⁵⁰ Mr Ketan Joshi, Private capacity, *Committee Hansard*, 21 April 2026, p. 64.

²⁵¹ Jubilee Australia, *Submission 46*, p. 2.

²⁵² Jubilee Australia, *Submission 46*, p. 4.

²⁵³ Climate Safe Solutions, *Submission 58*, [p. 5].

health burden of displacement and loss. While the impacts are being felt, action to alleviate and respond to them have been slow to take shape.

This is the context in which the PRRT's failure to collect a fair public return must be considered. Gas corporations profit substantially from a publicly owned resource. Their industry generates health harms in the community that flow directly into everyday health and economic burdens on the community, the health system, and its workers. The tax arrangements that should recover some of this value for the community have, for decades, failed to do so. This must change.

Continuing to under-tax an industry whose products harm health and drive climate change, while that same industry generates record profits is inconsistent with the policy directions Australia needs to take. It is also inconsistent with the values of the health and community services workforce, whose daily work is to reduce preventable harm. Every dollar not collected from an optimally functioning resource tax is a dollar that is not available for hospitals, primary care, community health services, or the social infrastructure that supports the health of the community.²⁵⁴

1.303 Climate Analytics suggested that a tax on gas exports would demonstrate Australia's commitment to energy transition:

Australia exports far more gas, and associated emissions, than it uses domestically, and LNG production is the largest end-use sector for Australian gas inside Australia. New taxes would signal that Australia is initiating a transition away from fossil fuels, in particular gas exports and this would signal an opportunity to accelerate discussions with our trading partners on green export opportunities to replace fossil fuels.²⁵⁵

Gas as a transition fuel

1.304 In contrast, several industry stakeholders contended that gas is important to the energy transition, particularly for Asian customers, and suggested that a new tax could actually slow progress towards the uptake of renewable energy. For example, the Business Council of Australia said:

It is not possible to build an affordable and secure energy system without gas as the world transitions to net zero. As outlined in the Australian Government's Future Gas Strategy, gas is a key enabler of the domestic energy transition and that of our regional partners, as coal based energy (for the grid and industry) is gradually replaced with renewables supported by gas.

While continued investment in Australia's LNG export facilities is a crucial option for many Asian economies seeking to balance their energy security, economic growth and decarbonisation objectives, these countries have a range [of] LNG supplier options beyond Australia, including, as noted above, the United States and Canada. An increase in the gas sector's tax burden, whether it be for existing or new projects, is a direct financial

²⁵⁴ Australian Nursing and Midwifery Federation, *Submission 64*, pp. 11–12.

²⁵⁵ Dr Bill Hare, Chief Executive Officer, Climate Analytics, *Opening statement*, 24 April 2026.

disincentive to continued investment in Australia's LNG facilities and the ability to shift from higher to lower emission intensity energy.²⁵⁶

1.305 However, Climate Analytics challenged arguments that cheap LNG incentivises decarbonisation in Asia. Mr Thomas Houlie told the committee:

[W]e have still yet to see conclusive evidence that that is the case. And there have been many attempts at trying to prove that this was the case, and I think they've all failed. We had an example of that in Western Australia last year. The WA government commissioned Deloitte with taxpayer money to assess the decarbonisation potential of Western Australian LNG ... When that report finally leaked to the public, the conclusion ... mentioned that LNG might crowd out investment in renewables and also lock in carbon emission for the simple idea that, if you build—I don't know—a gas power plant now in China or any country, you want to operate it for 20 or 30 years; you want to make back your money. So you're locking in more carbon emissions.²⁵⁷

1.306 His colleague, Mr James Bowen, added that US Department of Energy modelling had also found that LNG exports to Asia led to a growth in emissions:

We haven't just seen no evidence of the coal-to-gas switching narrative supporting decarbonisation. We've seen a lot of counter-evidence.²⁵⁸

1.307 In addition, the committee received evidence that INPEX, Woodside and Total Energies are progressing the Bonaparte Carbon Capture Storage (CCS) project, described as 'one of the most promising CCS developments globally, with the potential to store more than 10 million tonnes of CO₂ annually'.²⁵⁹

Other issues

Tax transparency

1.308 A number of submissions to the inquiry raised concerns about access to reliable, consistent and timely data, noting that the latest available Australian Taxation Office (ATO) Corporate Tax Transparency report is for 2023–24. For example, the Australian Conservation Foundation noted:

... the scheme is based on self-reporting and transparency arrangements are inadequate for the public to assess whether PRRT payments are being recovered appropriately.²⁶⁰

1.309 They also told the committee at a public hearing:

²⁵⁶ Business Council of Australia, *Submission 28*, p. 3.

²⁵⁷ Mr Thomas Houlie, Climate and Energy Policy Analyst, Climate Analytics, *Committee Hansard*, 24 April 2026, p. 11.

²⁵⁸ Mr James Bowen, Climate and Energy Policy Analyst, Climate Analytics, *Committee Hansard*, 24 April 2026, p. 11.

²⁵⁹ INPEX Australia, *Submission 72*, p. 3.

²⁶⁰ Australian Conservation Foundation, *Submission 43*, [p. 5].

ATO tax transparency reporting lags by several years. So we don't know what recent payments have been made in the last two financial years, and we think that's an important part of this inquiry, not only to understand the extent that the Australian public is getting value for publicly owned resources under a PRRT or alternative royalties regime but also to understand the extent that multinational gas corporations are behaving as good faith corporate actors in the system.²⁶¹

1.310 ConocoPhillips Australia stated that it supports transparency of corporate tax arrangements but noted limitations in the ATO's corporate tax transparency reporting that 'undermine its robustness as a transparency instrument':

It reports only company income tax paid over a defined period, and does not capture State and Territory royalties, payroll tax, GST, FBT, other industry specific levies, or taxes paid through incorporated joint ventures. Nor does the report explain the impact of legitimate and well understood tax features such as depreciation of long-life assets or the carry-forward of losses arising from substantial upfront capital investment. Given its narrow scope, the ATO report also does not assess the broader economic contribution of gas projects across the value chain, including impacts on regional development and infrastructure, supply chains, local procurement, regional jobs, and domestic gas supply security.

...

To this end we would welcome the Senate Committee's consideration of ways to enhance the ATO's corporate tax transparency report and the guiding communication to support its use so that a more complete assessment of tax arrangements is achieved.²⁶²

Conflict with Gas Market Review findings

1.311 As noted in Chapter 2, the Australian Government undertook the Gas Market Review in 2025, which made recommendations including the development of a domestic gas reservation policy. Concerns were raised in evidence that a flat export tax could undermine the objectives of this review, including to encourage long-term investment through regulatory stability and efficiency.

1.312 The Business Council of Australia (BCA) commented that the review 'highlights the importance of balancing two objectives': that the domestic market be adequately supplied at lower prices and that reform is 'careful to balance securing domestic supply with market incentives to invest in and develop gas resources'.²⁶³

1.313 Australian Energy Producers commented:

²⁶¹ Mx Annika Reynolds, National Climate Policy Adviser, Australian Conservation Foundation, *Committee Hansard*, 21 April 2026, p. 33.

²⁶² ConocoPhillips Australia, *Submission 24*, [pp. 2–3].

²⁶³ Business Council of Australia (BCA), *Submission 28*, p. 5.

Increasing gas taxation would undermine the Gas Market Review's objective of encouraging long-term investment through regulatory stability and efficiency. The Gas Market Review concluded that 'fundamental reform is needed' to establish 'a more efficient, streamlined regulatory framework supported by complementary measures', and to 'improve investor confidence by establishing clear, predictable, and transparent market settings, supporting supply security in the long term'. Introducing a blunt, costly and retrospective tax on LNG exports would preclude these desired outcomes.²⁶⁴

1.314 The committee received evidence from industry that it would be preferable to allow time for reforms emanating from the National Gas Market Review to be implemented, without the complication of a new tax. For example, the Queensland Resources Council (QRC) submitted that:

Introducing a new proposal for additional gas taxation while a comprehensive National Gas Market Review (NGMR) is underway risks compounding uncertainty in an already complex market. Simultaneous and overlapping policy processes send mixed signals to investors, undermine confidence, and threaten the timely delivery of gas supply needed for domestic manufacturing, electricity generation, and export commitments.²⁶⁵

1.315 The QRC added:

The NGMR explicitly seeks to consolidate and streamline existing instruments to create a stable, long-term regulatory environment that supports capital-intensive gas investment. Overlaying new fiscal measures while regulatory settings are still in flux would materially increase sovereign risk, delay investment decisions, and run counter to the NGMR objectives.²⁶⁶

1.316 The BCA contended that:

... imposing an additional tax burden on the gas sector, whether it be for existing or new projects, is counter to the ambitions of the Gas Market Review and risks deterring investment and driving up domestic energy prices as a result.²⁶⁷

Conflict with state and territory regimes

1.317 States have responsibility for onshore petroleum resources and those within nearby coastal waters, including for resource charging arrangements.²⁶⁸ As outlined by the Department of Industry, Science and Resources and, as briefly noted in the introduction, state and territory governments collect royalties for

²⁶⁴ Australian Energy Producers, *Submission 69*, p. 6.

²⁶⁵ Queensland Resources Council (QRC), *Submission 39*, p. 7.

²⁶⁶ QRC, *Submission 39*, p. 7.

²⁶⁷ BCA, *Submission 28*, p. 3.

²⁶⁸ Treasury, [Review of the Petroleum Resource Rent Tax - Final Report](#), 28 April 2017, p. 114.

onshore and offshore petroleum projects in their coastal waters, but there is no common regime in place across all states and territories.²⁶⁹

1.318 The committee received evidence raising concerns that a gas export tax would conflict with existing state and territory regimes, such as the royalty scheme in place in Queensland. For example, Australian Energy Producers noted that currently:

... industry pays substantial state royalties alongside Commonwealth company income tax, PRRT and other charges. Royalties are generally levied on the volume or value of production, meaning payments automatically increase with stronger commodity prices and higher production volumes.²⁷⁰

1.319 If a flat export tax were introduced, QRC discussed potential overlap with Queensland's royalty system, and suggested that 'an extra federal tax on top of the royalty system' would amount to 'punitive double taxation' for the onshore gas industry. It argued that:

Proposals for a 25% gas export tax floated in the media would be particularly punitive. Such a tax would equate to roughly an 20% tax on total revenue. For marginal projects, such a tax may be the equivalent to >100% tax on profits, which obviously makes all such projects unviable. Even for projects that still make a profit, some of those will become uneconomic.²⁷¹

1.320 ConocoPhillips contended in its submission that:

... any additional or duplicative revenue or taxation measures that extend beyond the existing State-based volumetric royalty regimes and established Commonwealth tax arrangements would compete for the same underlying economic base. Any new measures would be drawn from the finite revenues generated by these projects after accounting for substantial capital investment, regulatory compliance costs, operating expenses and commercial risk.²⁷²

1.321 ConocoPhillips suggested that this may discourage investment and undermine the policy objectives of the Gas Market Review, both issues which are discussed in this chapter.²⁷³

²⁶⁹ Department of Industry, Science and Resources, [Taxes, royalties and export controls on minerals and petroleum](#).

²⁷⁰ Australian Energy Producers, *Submission 69*, p. 3.

²⁷¹ QRC, *Submission 39*, p. 8; see also Ms Janette Hewson, Chief Executive Officer, QRC, *Committee Hansard*, 22 April 2026, p. 2.

²⁷² ConocoPhillips, *Submission 24*, p. 1.

²⁷³ ConocoPhillips, *Submission 24*, p. 1.

Labor Senators' Additional Comments

Executive Summary

- 1.1 The breadth of the terms of reference of the Select Committee on the Taxation of Gas Resources (the committee) require consideration of a range of issues relating to the tax treatment of Australian gas resources. The committee had a duration of 39 days, held three hearings across 21, 22, and 24 April, and received over 230 submissions. The inquiry has raised complex issues relating to tax and energy policy in Australia. Addressing these issues in an evidence-based and rigorous way in the time available to the committee has been challenging.
- 1.2 Labor Senators note that there was extensive evidence before the Committee and a wide range of issues emerged from that evidence. Due to timing constraints, it has not been possible to address all the issues raised or be as exhaustive in the treatment of those issues as we would have liked to. We have focused on those issues that relate directly to the taxation of Australian gas resources.
- 1.3 We recognise that the issues emerging from consideration of Australia's taxation of its gas resources are multifaceted and involve a range of competing considerations. Labor Senators thank all witnesses and submitters for their evidence and thank the Committee Secretariat for their work and assistance in managing such a complex process in a limited timeframe.
- 1.4 There are two current contextual matters that are relevant to the issues under consideration by the committee.
- 1.5 First, the current global energy supply crisis relating to the blockage of the Strait of Hormuz, impacting future supplies and costs to the Australian community of petrol, diesel and fertiliser. The critical importance of Australian gas and Australia's role as a reliable energy trader (especially with our partners in Asia) means a consistent and steady approach by the Australian government is a national asset and directly linked to our national fuel security. Whilst in the middle of a global fuel crisis, it would be irresponsible to jeopardise our international relationships or the investment that underpins them.
- 1.6 Secondly, the completion of the Australia Gas Market Review and the design process for a domestic gas reservation (in addition to that currently in operation in Western Australia) that is currently underway is a relevant factor in this inquiry. This will ensure a plentiful and inexpensive supply of gas for Australian consumers and industry, to ensure that future gas projects contribute to our national prosperity.
- 1.7 Australia's petroleum resources, including oil and gas, belong to the Australian people. The Australian people deserve a fair and equitable return from the extraction and sale of these resources, and it is important that the community has confidence this is occurring. This is particularly important during a national

cost-of-living crisis.¹ Any changes to taxation policy to deliver this objective must be carefully considered in order to avoid lasting damage to Australia's national interest.

- 1.8 Gas is an important part of Australia's future:
 - (a) as a firming fuel for the energy transition;
 - (b) as an industrial feedstock; and
 - (c) as fuel for industrial processes which will be hard to abate.
- 1.9 Over five million households are currently connected to gas networks as are thousands of small businesses, especially in the food and hospitality sectors.
- 1.10 Gas is also an important export product that increases the standards of living of Australians, supports well paid, secure jobs in Australia and the energy needs of regional partners, and underpins aspects of Australia's energy security. By remaining a reliable LNG supplier and responsible climate actor, Australia can develop new regional partnerships in emerging energy industries and clean energy exports.
- 1.11 According to the Department of Industry, Science and Resources, between 2010 and 2022, the cumulative investment in Australia's oil and gas sector was more than \$398 billion.²
- 1.12 The exploration, development, and extraction of gas in Australia is capital intensive and involves the development of facilities that take years to plan and build. As a result, it may take long periods for companies to recover their invested capital and realise returns on investment. There are many uncertainties involved in the exploration, development, and production phases of gas projects that involve significant investment risks.³
- 1.13 Oil and gas companies are subject to corporate income tax and other Commonwealth and state taxes that apply to companies and commercial endeavours, as well as additional taxation representing payment for the extraction and use of valuable and finite petroleum resources that ultimately belong to the Australian people.
- 1.14 A clear understanding of the objectives of a taxation system is necessary to properly design the tax system to achieve those objectives and to evaluate its efficacy in doing so. One of the main objectives of resource taxation is to ensure that the community receives a fair economic return for the use of its resources.

¹ Australian Services Union, *Submission 44*, p. 2.

² Department of Industry, Science and Resources (DISR), [Future Gas Strategy Analytical Report](#) (Future Gas Strategy Report), May 2024, p. 15.

³ Ms Samantha Chard, Head, Oil and Gas Division, DISR, *Committee Hansard*, 22 April 2026, p. 65.

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- 1.15 The taxation of gas projects is not uniform across Australia. Tax regimes vary based on, among other things, the jurisdiction from which the resource is extracted and historic arrangements reached by explorers and governments for specific projects or regions prior to their development.
- 1.16 Submissions and evidence to this committee contained a range of claims and diverse perspectives from a range of stakeholders across the community about the amount and type of tax that has been paid on Australia's gas resources. Many of these claims, made from different perspectives and viewpoints, relied on the selective and potentially misleading presentation of information and drew questionable equivalencies between industries and across jurisdictions.
- 1.17 The lack of comprehensive and authoritative information about the taxes paid for the exploration, development, and extraction of gas resources in Australia is a significant limitation on the committee's ability to assess the adequacy of these taxation arrangements.
- 1.18 The committee also heard evidence about different international approaches to the taxation of oil and gas resources, most prominently from Norway, Qatar and the UK. While other jurisdictions offer insight into different alternative methods of taxation, the differences in the nature of the industries in different countries, their historical approaches to taxation, and potentially different objectives make directly translating those approaches difficult.
- 1.19 Nevertheless, consideration of Australia's Petroleum Resource Rent Tax suggested that the regime permitted companies to reduce or delay taxable profits generated by gas projects and that the system has delivered relatively low returns for the Australian community for the exploitation of Australia's gas resources.
- 1.20 Reforms implemented by the Albanese Government since July 2023 address some of the issues and will improve the amount and timeliness of taxation revenue collected from Australia gas projects. Treasury's evidence to the committee confirms the number of companies paying the Petroleum Resource Rent Tax has increased from 11 to 16 in 2023–24.⁴
- 1.21 Australia has many features that make it an attractive investment location for the oil and gas industry. Despite these attributes, changes to Australia's taxation regime on gas resources may have the potential to negatively affect future investment in energy and resources projects in Australia. Companies' investment decisions are based on (among other things) perceived risks and potential returns. Increases in the rate of taxation applicable to projects reduces potential returns and regular changes to a country's fiscal regime affect the 'risk premium' allocated in assessing investments in that country.

⁴ Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Treasury, *Committee Hansard*, 22 April 2026, p. 61.

- 1.22 Submissions from industry contended that changes to the tax regime that resulted in increased taxation would have a deleterious effect on investment leading to increased gas prices, diminished availability and reduce security of supply of gas in the domestic market. However, many of these submissions lacked detailed analysis or empirical data on the sensitivity of investment to changes in the taxation system.
- 1.23 The submissions to the committee set out a wide range of potential reforms to the taxation of Australia's gas resources, including a 25 per cent export tax, the tightening of the Petroleum Resource Rent Tax (PRRT) regime, the re-introduction of a Commonwealth royalty, or the introduction of a fair share levy (or Brown tax). However, there was no consensus on which alternative tax regime would strike the right balance between ensuring a fair return on to the Australian community on our gas resources, ensuring the viability of the industry and ongoing investment in gas exploration and production, and meeting our commitments to international trade partners and keeping Australia's promises.
- 1.24 The committee process had limitations including limited time and a lack of expert analysis, economic modelling, or proper consultation with industry and stakeholders. In our view, once the immediate energy shock facing Australia and our regional partners has passed, further work would be worthwhile to give careful consideration to what updates may be merited to the system by which Australia taxes its gas resources.
- 1.25 The complexity of the issues involved as well as the potential for policy changes to have unintended or adverse consequences that may only be detected years or decades from now makes getting these policy settings right particularly important.
- 1.26 Therefore, we consider that the most suitable pathways for proposals for reform that have emerged from this committee inquiry may include:
- (a) detailed and comprehensive economic modelling by Treasury or the Productivity Commission;
 - (b) substantive stakeholder and industry consultation; and
 - (c) consideration of transitional arrangements (if necessary).
- 1.27 Once government has considered potential reforms after the process set out above, any enabling legislation should of course be subject to scrutiny by the Parliament in the normal way.

Introduction

- 1.28 The committee was appointed by the Senate on 30 March 2026 with a reporting date of 7 May 2026. The committee received over 230 public submissions and held three public hearings on 21 and 22 April 2026, in Canberra, and on 24 April

2026, in Perth. Labor Senators would like to thank all submitters and witnesses who provided evidence to the inquiry.

- 1.29 The committee's terms of reference concern the taxation of oil and gas resources in Australia and a wide range of other matters. As emerged from the evidence to the inquiry, the issues raised in considering taxation of oil and gas resources in Australia are multifaceted, complicated, and often interwoven.
- 1.30 The inquiry has raised complex issues relating to tax and energy policy in Australia. Addressing these issues in an evidence-based and rigorous way in the time available to the committee has been challenging.⁵ Labor Senators have endeavoured to address the breadth and complexity of issues raised in a coherent, evidence-based, and logical manner.

Global Energy Supply Crisis

- 1.31 This committee has undertaken its work during a global energy supply crisis caused by war in the Middle East. This conflict has caused significant damage to energy infrastructure in the Middle East and has interrupted shipping through one of the world's most important arteries for the transport of energy – the Strait of Hormuz. Physical and economic recovery will take years.
- 1.32 Australian consumers are and will continue to be impacted by the costs and consequences of a conflict on the other side of the world. The war has caused heightened global fuel insecurity, intensified geopolitical volatility, and increased competition for reliable energy supply. The International Energy Agency's (IEA) Executive Director has said the combined impacts amount to 'the greatest threat to global energy security in history'.⁶
- 1.33 Considering policies that affect Australia's energy sector without knowing when the conflict will end, and without knowing the scope and depth of the resulting economic and energy challenges, requires care.
- 1.34 It also requires particular attention to our relationships in the region and around the world.⁷ Securing Australia's access to liquid fuels, including diesel, is essential to our economy and we rely on our trading partners, and of particular importance those countries to which we provide gas, for that fuel supply. In this respect, Australia's reliability as an energy partner is an economic and strategic asset and is critically important during this crisis.
- 1.35 While Australia has the sovereign right to determine our tax policies, the exercise of this right must be guided by our national interest. A global energy

⁵ See, as to the limitations of the committee process, Hon Bill Johnston, *Committee Hansard*, 24 April 2026, p. 63.

⁶ Chevron Australia, *Submission 23*, p. 4.

⁷ Business Council for Sustainable Development Australia, *Submission 79*, p. 3.

supply crisis is a particularly inopportune time to undermine Australia's existing energy contracts, or to jeopardise vital regional partnerships.

- 1.36 There is an abundance of uncertainty and concern in respect of global energy supply, including in global LNG markets, where prices are expected to rise.⁸
- 1.37 The imposition of poorly designed gas taxation reforms during a period of global supply chain distress and related uncertainty may risk undermining Australia's strong and longstanding relationships with key trading and investment partners in Asia at a time when the strength of these relationships is of paramount importance.⁹ At this moment, policy stability and coherence are particularly valuable.¹⁰ Nevertheless, the situation does not prevent the consideration of questions of tax policy or possible future areas for reform, once the exigencies of the current crisis have passed.

Gas industry in Australia

Growth of Australian Gas Industry

- 1.38 The committee has focused on the taxation of the Australian gas industry. There has been substantial growth in Australia's gas industry since the 1980s.¹¹ Between 2007 and 2012, final investment decisions were taken on eight major LNG projects and this significantly increased global LNG supply.¹²
- 1.39 LNG has become one of Australia's largest commodity exports, with Australian supply comprising more than 20 per cent of global trade.¹³

⁸ Echelon Resources, *Submission 56*, p. 1; Mr Joshua Runciman, Lead Analyst, Australian Gas, Institute for Energy Economics and Financial Analysis (IEEFA), *Committee Hansard*, 21 April 2026, pp. 13–14; Ms Janette Hewson, Chief Executive Officer, Queensland Resources Council (QRC), *Committee Hansard*, 22 April 2026, p. 2. See also: Australian Taxation Office, *Submission 65*, p. 6.

⁹ Shell Australia, *Submission 25*, pp. 1 and 4–5; Origin Energy, *Submission 30*, p. 1; Woodside Energy, *Submission 63*, p. 4; Chamber of Minerals and Energy Western Australia, *Submission 59*, pp. 1–2; Santos, *Submission 76*, p. 4; Mr Bran Black, Chief Executive, Business Council of Australia (BCA), *Committee Hansard*, 22 April 2026, p. 28; Mr David Wawn, Senior Adviser, Asia Natural Gas and Energy Association, *Committee Hansard*, 24 April 2026, p. 72.

¹⁰ QRC, *Submission 39*, p. 7; Chevron Australia, *Submission 23*, p. 1; BCA, *Submission 28*, pp. 2–4; Woodside Energy, *Submission 63*, pp. 2–4; Echelon Resources, *Submission 56*, p. 1.

¹¹ Treasury, [Review of the Petroleum Resource Rent Tax - Final Report](#) (Review of the PRRT – Final Report), 13 April 2017, pp. 17–23 and 68.

¹² Treasury, [Petroleum Resource Rent Tax: Review of Gas Transfer Pricing Arrangements](#) (GTP Review), 7 May 2023, p. 17.

¹³ GTP Review, p. 17.

- 1.40 The vast majority of Australia's LNG is sold under long-term contracts to the Asia Pacific market, primarily to Japan, China, and South Korea.¹⁴ Prices are linked to oil or gas indexes and subject to periodic reviews.
- 1.41 Spot, short-term, or uncommitted volumes are sold into marketing hubs and usually priced by reference to gas linked benchmarks such as the Japan Korea Marker (JKM) index.¹⁵

The importance of the Australian gas industry

- 1.42 Gas supports and underpins a significant amount of economic activity in Australia and Australia's gas exports are an important element of energy security for many regional economies.¹⁶
- 1.43 The availability of gas is vital to Australia's achievement of Net Zero Emissions target, as a firming fuel for an energy system that relies on a substantial proportion of intermittent renewable generation, and for use in critical minerals processing (which will be important to Australia's renewable energy future).¹⁷
- 1.44 For example, the processing of critical minerals (such as converting lithium spodumene into lithium hydroxide) requires process heat that cannot currently be provided by electricity, however generated.¹⁸
- 1.45 The supply of LNG is one element of many of Australia's energy trading partners' energy transitions to more sustainable power generation and to decarbonising their economies, including a substitute for more emissions intensive coal generation and to support ambitious renewable energy targets. Honouring long-term contractual obligations is essential to maintaining trusted relationships and to provide the energy security needed to progress these plans.¹⁹
- 1.46 Gas remains an essential element in many Australian industries, including chemical production, manufacturing and mining. These industries require an

¹⁴ GTP Review, p. 18.

¹⁵ ATO, *Submission 65*, p. 6.

¹⁶ Future Gas Strategy Report, p. 3.

¹⁷ Future Gas Strategy Report, p. 15; Department of Climate Change, Energy, the Environment and Water (DCCEEW) and DISR, [Gas Market Review Report](#) (Gas Market Review Report), December 2025, p. 1; BCA, *Submission 28*, pp. 4–7.

¹⁸ Hon Bill Johnston, *Submission 33*, pp. 5–6.

¹⁹ Future Gas Strategy Report, p. 3; BCA, *Submission 28*, pp. 4–7; Hon Bill Johnston, *Submission 33*, p. 3. See also: Woodside Energy, *Submission 63*, p. 4.

ongoing supply of affordable gas while there are no ready alternatives.²⁰ Residential use also remains widespread across Australia.

- 1.47 Western Australian domestic gas demand is higher than east coast demand due to industrial use as a fuel and feedstock in industries.²¹ This demand includes its use as feedstock or a reagent in Australian manufacturing, fertiliser production, and mining and mineral processing.²²
- 1.48 Further, the gas industry also brings a range of indirect economic benefits across the country.²³ Regional communities in Western Australia made submissions outlining the importance of the gas industry to their local economies and communities.²⁴
- 1.49 It is in Australia's national interest that Australia has adequate supply of natural gas.²⁵ However, there are projected supply shortages of gas on both the east and west coasts of Australia.²⁶
- 1.50 The LNG export industry also brings a variety of economic and strategic benefits. LNG export has permitted the development of gas fields in Western Australia that have supported local gas supply, complemented by the Western Australian domestic gas reservation policy.²⁷
- 1.51 The revenue gained from LNG export – representing around 20 per cent of total Australian export earnings²⁸ – has contributed to our balance of trade, offset

²⁰ Future Gas Strategy Report, May 2024, p. 7; Gas Market Review Report, p. 1; BCA, *Submission 28*, p. 2.

²¹ Chamber of Minerals and Energy Western Australia, *Submission 59*, p. 1; Hon Bill Johnston, *Submission 33*, pp. 4–5.

²² Hon Bill Johnston, *Submission 33*, pp. 5–6.

²³ BCA, *Submission 28*, p. 6; ConocoPhillips Australia, *Submission 24*, p. 1; Origin Energy, *Submission 30*, p. 1; Hon Bill Johnston, answer to question on notice No. 2, 24 April 2026 (received 27 April 2026), pp. 2–3; Mr David Wawn, Senior Adviser, Asia Natural Gas and Energy Association, *Committee Hansard*, 24 April 2026, p. 72.

²⁴ Karratha and Districts Chamber of Commerce and Industry, *Submission 1*, pp. 1–2 and 4; Onslow Chamber of Commerce and Industry, *Submission 10*, pp. 1–4. See also: Western Downs Regional Council, *Submission 9*, pp. 2–3; Shire of Ashburton, *Submission 11*.

²⁵ Hon Bill Johnston, *Submission 33*, p. 7.

²⁶ Future Gas Strategy Report, p. 3; Origin Energy, *Submission 30*, pp. 1 and 4; BCA, *Submission 28*, p. 5; Woodside Energy, *Submission 63*, p. 4; Mr Bran Black, Chief Executive, BCA, *Committee Hansard*, 22 April 2026, p. 27.

²⁷ Gas Market Review Report, p. 1.

²⁸ BCA, *Submission 28*, p. 6.

capital flows, and supported the value of the currency, which supports Australian standards of living.²⁹

Nature of investment in Australian gas industry

1.52 There are several features of the Australian gas industry that are relevant to questions of taxation policy.³⁰

High sunk costs

1.53 The infrastructure required for Australian gas projects is expensive,³¹ and in global terms, Australia is a high-cost investment destination for a range of reasons including relative labour costs and that many of the gas resources are offshore, remote and in deep water.³²

Long development periods

1.54 Secondly, gas projects require upfront capital expenditure and many years of planning, approval and construction activities before revenue is earned. It is not uncommon for gas projects to take a decade or more before beginning to generate returns.³³

Pervasive uncertainty

1.55 Projects are exposed to elevated levels of risk compared to other infrastructure investments due to exploration uncertainties, fluctuating commodity prices, and technical risks.³⁴

²⁹ Hon Bill Johnston, answer to question on notice No. 2, 24 April 2026 (received 27 April 2026), p. 2.

³⁰ Philip Daniel, Michael Keen and Charles McPherson, *Introduction* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, p. 1; Robin Broadway and Michael Keen, *Theoretical perspectives on resource tax design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, pp. 15–23.

³¹ Shell Australia, *Submission 25*, p. 3; BCA, *Submission 28*, p. 5; ConocoPhillips Australia, *Submission 24*, p. 2; Origin Energy, *Submission 30*, p. 4.

³² Review of the PRRT – Final Report, 13 April 2017, p. 62.

³³ Shell Australia, *Submission 25*, p. 3; BCA, *Submission 28*, p. 5; ConocoPhillips Australia, *Submission 24*, p. 2; Origin Energy, *Submission 30*, p. 4.

³⁴ Shell Australia, *Submission 25*, p. 3; BCA, *Submission 28*, p. 5; ConocoPhillips Australia, *Submission 24*, p. 2; Origin Energy, *Submission 30*, p. 4.

Political/Sovereign Risk

1.56 Lengthy time frames mean projects are exposed to political or sovereign risk, 'which springs from uncertainty over future treatment by the state'.³⁵

1.57 In summary, there is significant uncertainty involved in investment in gas projects:

Neither the investor nor the government knows how on sheer technical and commercial grounds any project is going to turn out: precisely how big and of what quality the deposit is, what the real costs of extraction will be, and what the course of real prices for the product will be over the life of the project. When the decision to explore is being made, the degree of ignorance is of course even greater.³⁶

Objectives, principles and evaluative frameworks

1.58 A clear understanding of the objectives of a taxation system is necessary to properly design the tax system to achieve those objectives and to evaluate its efficacy in doing so.³⁷ Given the complexity of this policy area, the multiple reviews and reports on the topic in recent years,³⁸ and the current uncertainty in global energy markets, a principled and coherent approach is needed.

1.59 In general, taxes should endeavour to be fair, efficient, simply, sustainable and consistent with policy objectives. However, all taxes have trade-offs.³⁹ Objectives may also include:

- (a) to raise sufficient revenue to fund expenditure;
- (b) to raise the revenue from taxes that are least detrimental to economic growth and support a diverse economic structure;
- (c) equal treatment;
- (d) coherence, simplicity, and transparency; and
- (e) stable and enduring.⁴⁰

³⁵ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, p. 4. As to circumstances that may give rise to political pressure for change, see, Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 40 and 46.

³⁶ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, p. 39.

³⁷ Professor John Chandler, *Opening Statement*, 24 April 2026, pp. 8–9.

³⁸ ATO, *Submission 65*, p. 4; Senate Economics References Committee, *Australia's oil and gas reserves*, February 2022.

³⁹ [Australia's Future Tax System Report to the Treasurer, Part One: Overview](#) (Henry Tax Review, Part One), December 2009, pp. 15–16.

⁴⁰ Henry Tax Review, Part One, pp. 15–18.

- 1.60 Complexity in tax systems increases the difficulty and cost of compliance, administration and enforcement.⁴¹
- 1.61 The primary rationales for imposing additional taxation of the gas industry (that is, beyond the taxes applicable to other businesses) are that:
- (a) the resources are publicly or government owned and so the community should receive an adequate return for the extraction of its resources;
 - (b) natural resources are an exhaustible/non-renewable resource; and
 - (c) high-quality resources tend to generate a profit or rent far above the minimum level required to attract capital and labour to extract the resources.⁴² This surplus is often referred to as 'economic rent'.
- 1.62 Australia's resources belong to the Australian people. It is vital that the Australian community receives a fair and equitable return from the extraction and use of its petroleum resources and that the community has confidence that this is occurring.⁴³
- 1.63 In addition, the taxation of Australia's gas resources should seek to advance, and balance, the following objectives:⁴⁴
- (a) Economic efficiency or neutrality of taxation to avoid affecting the allocative and investment decisions of firms. (The more economically efficient a resource tax is, the less investment and production decisions are distorted).⁴⁵
 - (b) Reducing the uncertainty and variability of revenue outcomes from the tax system.
 - (c) A balanced approach to the timing of taxation receipts and avoidance of undue delay.
 - (d) Ensuring Australia's domestic energy security and the availability of gas for domestic production.
 - (e) Ensuring that the Australian community continues to receive the economic and strategic benefits of Australia's gas export industry.
 - (f) Reducing administration and compliance costs.

⁴¹ Henry Tax Review, Part One, p. 21.

⁴² Review of the PRRT – Final Report, p. 33.

⁴³ See also, Australian Council of Trade Unions, *Submission 75*, p. 1.

⁴⁴ See, generally, Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, p. 87; [Australia's Future Tax System Report to the Treasurer, Part Two Detailed Analysis: Volume 1 of 2](#) (Henry Tax Review, Part Two), pp. 219 and 221; Dr Ken Henry, *Submission 8*, p. 1; Australian National Audit Office (ANAO), [Collection of North West Shelf Royalty Revenue](#), Audit Report No. 28 2016–17, p. 7. See also, Punters Politics, *Submission 6*, p. 2; Superpower Institute, *Submission 29*, p. 1.

⁴⁵ Henry Tax Review, Part Two: Volume 1 of 2, p. 221.

- 1.64 The Institute for Energy Economics and Financial Analysis submitted a similar set of criteria that it considered should be utilised to assess the relative merits of proposed taxation reform options. Ideally, taxation collected from Australia's gas resources should:
- (a) reflect the value of gas;
 - (b) be comprehensive;
 - (c) support (or at least not materially discourage) investment;
 - (d) capture windfall profits;
 - (e) be simple;
 - (f) be difficult to avoid;
 - (g) involve low taxpayer risk; and
 - (h) maximise revenue certainty.⁴⁶
- 1.65 Overall, Labor Senators support a balanced approach that (among other things):
- (a) seeks to ensure that the Australian people are receiving what they consider to be a fair and equitable return from the use of national gas resources;
 - (b) preserves Australia's competitiveness and capacity to attract investment in gas exploration and production; and
 - (c) avoids unintended or perverse consequences, such as increasing Australian energy prices, reducing the availability of gas for domestic consumption, damaging vital regional relationships or undermining Australia's energy and national security.
- 1.66 Some submissions to the committee expressly or implicitly advocated for 'killing off' the gas industry,⁴⁷ or accelerating its decline.⁴⁸ Labor Senators do not agree with this as an objective of gas taxation policy.

Taxation of Australia's Gas Resources

- 1.67 The taxation of gas resources is not uniform across Australia. Tax regimes vary based on, among other things, whether the gas is extracted from under the land or sea and whether these areas are under Commonwealth, State or Territory jurisdiction, and historic arrangements reached by explorers and governments for specific projects or regions prior to their development.
- 1.68 An unsatisfactory aspect of the inquiry was the inability to obtain a comprehensive picture about how much tax was being paid by the Australian

⁴⁶ IEEFA, *Submission 19*, p. 6, Mr Joshua Runciman, Lead Analyst, Australian Gas, IEEFA, *Committee Hansard*, 21 April 2026, pp. 13–14.

⁴⁷ Mr Ketan Joshi, *Submission 20*, pp. 6–7.

⁴⁸ Australian Council of Social Service (ACOSS), *Submission 45*, pp. 7–8; Centre for Policy Development (CPD), *Submission 49*, pp. 4–5; Climate Council of Australia, *Submission 27*, pp. 3–4; Climate Analytics, *Submission 67*, pp. 2–4.

oil and gas industry in Australia, broken down by type of product, jurisdiction and project.

- 1.69 Oil and gas companies in Australia pay a varying combination of federal tax (PRRT, federal royalties, excise, corporate income tax, the offshore petroleum levy) and state taxes (royalties, payroll tax, stamp duties, land tax).
- 1.70 There are different regimes applicable to onshore and offshore gas – to some extent this reflects the fact that offshore resources are largely within the Commonwealth jurisdiction and onshore, they are in state and territory jurisdictions.
- 1.71 Offshore production is taxed under the PRRT at 40 per cent on excess profits, paid only after the company has achieved a 'normal' return accounting for costs and a specified return on invested capital) Onshore production is subject to State based royalties, of which the largest is the Queensland royalty scheme, which is roughly equivalent to a revenue tax, charged at rates between three and 12.5 per cent.⁴⁹
- 1.72 According to the Australian Taxation Office (ATO):
- (a) the Australian oil and gas industry is comprised of 35 large market economic groups in oil and gas extraction and/or exploration;
 - (b) these 35 economic groups reported \$42.1 billion of profit during 2023–24 and had \$36.1 billion of carry forward losses;
 - (c) the net profit increase also saw a corresponding increase in the utilisation of carry forward losses;
 - (d) the tax payable by oil and gas taxpayers has been increasing in recent years from \$607 million in 2020–2021 to \$10 189 million in 2023–24; and
 - (e) the deductions for decommissioning costs will increase as projects reach end of life and these deductions may be offset against income from other projects, which will reduce the tax payable.⁵⁰
- 1.73 Oil and gas companies also pay federal corporate income tax on income earned in Australia. Some submissions to the committee suggested, either expressly or implicitly, that gas companies paid very little if any corporate tax for long periods through tax minimising strategies.⁵¹
- 1.74 However, whilst this may in part reflect the availability of deductions under the income tax legislation, these claims are difficult to evaluate due to the lack of

⁴⁹ QRC, *Submission 39*, p. 6.

⁵⁰ ATO, *Submission 65*, pp. 7 and 9.

⁵¹ The Australia Institute, *Submission 21*, pp. 10–11; Punters Politics, *Submission 6*, p. 7; Conservation Council of Western Australia, *Submission 4*, p. 2; Market Forces, *Submission 5*, p. 2.

accurate data available on company tax payments that are specifically attributable to the upstream oil and gas sector.⁵²

- 1.75 Oil and gas companies operating in the Commonwealth jurisdiction also pay PRRT. There were various data points put to the committee about the amount of Petroleum Resource Rent Tax actually paid to the Commonwealth.
- (a) Between 1989–1990 and 2016–2017, the PRRT generated \$33 billion in tax revenue.⁵³
 - (b) Once PRRT starts being paid, the combined marginal tax rate of oil and gas companies was between 54 and 58 per cent of income within the PRRT ringfence.⁵⁴
 - (c) Treasury forecasts that the PRRT alone will raise \$5.4 billion in receipts over the next four years.⁵⁵
 - (d) That the Australian gas industry paid A\$21.9 billion in tax in financial year 2024–2025.⁵⁶
 - (e) It was also suggested that the amount of PRRT will increase as the existing projects mature.⁵⁷
- 1.76 Individual oil and gas companies made submissions and/or gave evidence to the committee about the amount of tax paid historically and in recent years, including Shell Australia,⁵⁸ ConocoPhillips,⁵⁹ Woodside,⁶⁰ Chevron Australia,⁶¹ INPEX,⁶² and Santos.⁶³

⁵² See also, Review of the PRRT – Final Report, 13 April 2017, pp. 41–42.

⁵³ Review of the PRRT – Final Report, pp. 9–10.

⁵⁴ GTP Review, p. 38; Mr Aaron Morey, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, *Committee Hansard*, 24 April 2026, p. 61; Australian Energy Producers, *Submission 69*, p. 1; Wood Mackenzie, *Analysis of proposed LNG export windfall levy: potential impact on energy project economics and fiscal competitiveness*, p. 1 (attached to Australian Energy Producers, *Submission 69*).

⁵⁵ Mid-Year Economic and Fiscal Outlook 2025–26, 17 December 2025, p. 62.

⁵⁶ Shell Australia, *Submission 25*, p. 2; bp Australia, *Submission 22*, p. 3.

⁵⁷ Woodside Energy, *Submission 63*, p. 5; Shell Australia, *Submission 25*, pp. 2–3.

⁵⁸ Shell Australia, *Submission 25*, p. 2; Ms Coralie Trotter, Head, Tax Asia Pacific and Middle East, Shell, *Committee Hansard*, 22 April 2026, pp. 16–17.

⁵⁹ ConocoPhillips Australia, *Submission 24*, pp. 1–3.

⁶⁰ Woodside Energy, *Submission 63*, pp. 3 and 6; Mr Graham Tiver, Executive Vice President and Chief Financial Officer, Woodside Energy Ltd, *Committee Hansard*, 24 April 2026, pp. 17 and 20.

⁶¹ Chevron Australia, *Submission 23*, pp. 1 and 3.

⁶² INPEX Australia, *Submission 72*, p. 2.

⁶³ Santos, *Submission 76*, p. 1.

- 1.77 This appeared to rebut the suggestion that Australian oil and gas producers do not pay tax or specious suggestions that Australia 'gives its gas away for free'.⁶⁴ However, that itself does not answer the question about whether the Australian community is getting a fair and equitable return for the use of its gas resources.
- 1.78 It has proved challenging to obtain a comprehensive picture of the taxes paid by oil and gas companies in Australia. This is a necessary and logical starting point to evaluating whether there has been sufficient revenue collected and this is a deficiency in the current information landscape and a barrier to transparency. Some company tax transparency reports were helpful but did not provide a whole of nation picture and often used different metrics.
- 1.79 Submissions and witnesses were also critical of the ATO's tax transparency report, including reporting lags, its reliance on self-reporting, and its capacity to generate inaccurate assumptions regarding the taxation arrangements of oil and gas companies operating in Australia.⁶⁵

The Petroleum Resource Rent Tax

History and rationale of Petroleum Resource Rent Tax

- 1.80 Much of the committee's inquiry focused on the operation and efficacy of the PRRT.
- 1.81 The PRRT was enacted in Australia in 1988 and initially applied to offshore greenfield petroleum projects. The existing excise and royalty arrangements continued to apply to projects in the Bass Strait and North West Shelf.⁶⁶
- 1.82 The new PRRT regime aimed to be more efficient and equitable – that is, it was intended to encourage investment in the industry and to capture the economic rents from the development of petroleum resources and deliver an equitable share to the Australian people.⁶⁷
- 1.83 The PRRT taxes the economic rent of petroleum resources (the value of the underlying product, once all necessary costs including a normal return on capital have been deducted). The rent of a resource represents the value of the resource, which is commonly taken to belong to the community at large.⁶⁸

⁶⁴ Chamber of Minerals and Energy, Western Australia, *Submission 59*, pp. 3–5.

⁶⁵ ConocoPhillips Australia, *Submission 24*, pp. 2–3; Mrs Natalie Wallach, Head, Tax and Governance, ConocoPhillips Australia, *Committee Hansard*, 22 April 2026, p. 39; Australian Conservation Foundation, *Submission 43*, p 5; Mx Annika Reynolds, National Climate Policy Adviser, Australian Conservation Foundation, *Committee Hansard*, 21 April 2026, p. 33.

⁶⁶ Review of the PRRT – Final Report, p. 60.

⁶⁷ IEEFA, *Submission 19*, p. 3; Review of the PRRT – Final Report, p. 4.

⁶⁸ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 3 and 27.

- 1.84 The two main theoretical attributes of a resource rent tax are the economic neutrality of the tax and the potential to achieve high revenues from profitable projects and risks no additional revenue from projects that are not profitable.⁶⁹
- 1.85 However, designing rent taxes is 'not straightforward'⁷⁰ and involves challenges in calculating of project costs as well as a range of other aspects of the taxation regime.⁷¹
- 1.86 In Australia, determining the taxable profit from a project that is subject to the PRRT is complicated, and requires consideration of:
- (a) the deductibility of exploration, development and operating expenditures;
 - (b) the uplift of carried-forward losses at legislated rates;
 - (c) the transferability of expenditures between projects; and
 - (d) the pricing rules used to calculate assessable receipts.⁷²
- 1.87 It is likely the architects of the PRRT regime did not consider the LNG sector in detail because the industry was still in its infancy.⁷³ The economics of petroleum projects are different those of gas projects – the latter have much higher capital costs, longer project cycles, and lower returns on investment.⁷⁴

The application of the PRRT regime

- 1.88 Many submitters argued that structural issues in Australia's PRRT regime permitted companies to reduce the taxable profits generated by gas projects and thus delay the payment of PRRT and reduce the overall tax payable.⁷⁵ According to the submissions, these structural issues included the following.

⁶⁹ Henry Tax Review, Part Two: Volume 1 of 2, p. 221; Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 7–8 and 99.

⁷⁰ Robin Broadway and Michael Keen, *Theoretical perspectives on resource tax design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, pp. 31–39; Review of the PRRT – Final Report, pp. 6; 36 and 65.

⁷¹ Jack Calder, *Resource tax administration – The implications of alternative policy choices* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, p. 321.

⁷² ATO, *Submission 65*, p. 8; PRRT Review – Final Report, pp. 131–133.

⁷³ Hon Bill Johnston, *Submission 33*, p. 1.

⁷⁴ Graham Kellas, *Natural Gas – Experience and Issues* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, pp. 176–178; Hon Bill Johnston, *Submission 33*, p. 1.

⁷⁵ ACOSS, *Submission 45*, p 3; Tax Justice Network Australia and the Centre for International Corporate Tax Accountability & Research on the Taxation of Gas Resources, *Submission 13*, pp. 1–2; Conservation Council of Western Australia, *Submission 4*, pp. 2; Australian Conservation Foundation, *Submission 43*, pp. 4–5.

High Capital Costs

1.89 The capital cost of LNG projects is high and thus delay and reduce the payment of PRRT. It was noted that most Australian LNG projects have experienced construction delays and cost blowouts, which has delayed and decreased PRRT payments.⁷⁶ However, quantifying these overruns and delays is a highly complex process, requiring detailed financial modelling for each relevant project.⁷⁷

Deduction Uplift Rate

1.90 If an entity has exploration expenditure for a gas project that is more than its assessable receipts in a financial year, the expenditure may be carried forward to be deducted against assessable receipts for that interest in future years. The amount of expenditure carried forward is subject to an uplift rate.

1.91 The application of the uplift rate to different categories of expenditure has changed over the lifetime of the PRRT.⁷⁸

1.92 For expenditure incurred before 1 July 1990, the uplift rate for exploration expenditure and general project expenditure incurred less than five years before the production licence was issued was the Long-Term Bond Rate (LTBR) plus 15 percentage points and the uplift rate for expenditure incurred more than five years before the production licence was the GDP factor rate.

1.93 For expenditure incurred between 1 July 1990 and 30 June 2019:

- (a) the uplift rate for exploration expenditure incurred less than 5 years before the start of the financial year when the production licence or production licence notice was issued, was the LTBR plus 15 percentage points;
- (b) the uplift rate for general project expenditure incurred less than five years before incurred less than 5 years before the start of the financial year when the production licence or production licence notice was issued, was the LTBR plus 5 percentage points; and
- (c) the uplift rate for expenditure incurred more than five years before the start of the financial year when the production licence or production licence notice was issued was the GDP factor rate.

1.94 From 1 July 2019:

- (a) the uplift rate for exploration expenditure for 10 years after the year in which the exploration expenditure is incurred is the LTBR plus 5 per cent, then, an uplift rate equal to the GDP factor;

⁷⁶ IEEFA, *Submission 19*, p. 3.

⁷⁷ IEEFA, answers to question on notice, 21 April 2026 (received 24 April 2026), pp. 1–2.

⁷⁸ ATO, [PRRT deductible expenditure](#), 15 July 2025.

(b) the uplift rate for general project expenditure for 10 years after the year in which the exploration expenditure is incurred is the LTBR plus 5 per cent, then, an uplift rate equal to the LTBR.

1.95 The uplift rates have become less generous over time. Nevertheless, the capacity to carry forward exploration expenditure and general project expenditure with an uplift has permitted deductions from a project to compound over time, and this has reduced PRRT paid by gas companies across the life of projects.⁷⁹

Transferability of Deductions

1.96 If an entity has exploration expenditure on a gas interest that exceeds its assessable receipts in a financial year, that surplus may also be transferred to reduce the taxable profit generated by another project of that entity or a project held by an entity within the same wholly owned group.⁸⁰

1.97 This has permitted companies to reduce (or at least delay) their PRRT liability across projects by carrying forward losses on pre-existing profitable projects which are later in their life cycle.⁸¹ Further, transferability notionally undermines the neutrality of the PRRT.⁸²

Order of application of deductions

1.98 The order in which deductions from taxable income are applied under the PRRT regime prioritised those expenditures with lower uplift rates over exploration expenditures with higher uplift rates. This arrangement increased the prominence of the higher uplift rate for exploration expenditure in a project's PRRT payment profile.⁸³

Decommissioning/closing down liabilities

1.99 A company's closing-down expenditure is deductible for PRRT purposes but cannot be carried forward. If in the year the project is closed down, there are insufficient revenue receipts, a tax credit of 40 per cent of the non-deducted expenditure is provided to the extent a project has previously paid PRRT.⁸⁴

⁷⁹ PRRT Review – Final Report, p. 8; Superpower Institute, *Submission 29*, p. 3 Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, pp. 20–21; Punters Politics, *Submission 6*, p. 4; Henry Tax Review, Part Two: Volume 1 of 2, p. 227.

⁸⁰ PRRT Review – Final Report, p. 11; ATO, *Submission 65*, p. 8.

⁸¹ PRRT Review – Final Report, p. 11; ATO, *Submission 65*, p. 8.

⁸² PRRT Review – Final Report, p. 74; Henry Tax Review, Part Two: Volume 1 of 2, p. 235.

⁸³ PRRT Review – Final Report, p. 77.

⁸⁴ ATO, *Submission 65*, p. 9; PRRT Review – Final Report, pp. 8 and 85–86.

1.100 Some forecasts indicate that the costs of retiring offshore oil and gas infrastructure in Commonwealth waters may cost between \$21 billion to A\$87 billion and that more than half of these costs will be incurred before 2040.⁸⁵

1.101 Thus, closing-down expenditure deductions may reduce the amount of PRRT payable on a project or may permit reductions of PRRT on other projects through tax credits. These deductions – though orthodox – will further reduce the amount of PRRT payable and may produce tax credits.⁸⁶

Asymmetric information

1.102 Asymmetries of information between policy makers and gas companies deepen the challenges associated with undertaking the PRRT's various complicated calculations with precision and the difficulties involved in auditing projects.⁸⁷

Conclusion

1.103 The PRRT system has become overly complicated and appears to try to accommodate different, and sometimes seemingly contrary, objectives in the way that it has developed.⁸⁸ Overall, it is accurate to describe Australia's PRRT regime as 'conceptually sophisticated but operationally complex'.⁸⁹

Adequacy of Petroleum Resource Rent Tax collections

1.104 Many submissions before the inquiry, and many of those who gave evidence at the hearings, argued stridently that Australia does not collect sufficient PRRT from gas companies and that the Australian community is not receiving a fair and equitable return for the use of its gas resources. The argument was advanced in different ways.

Proportion of revenue/profit to PRRT collected

1.105 It was argued that gas companies have generated significant amounts of revenue and profit from the sale of Australian resources but paid a disproportionately small amount of PRRT.

1.106 Under most resource rent tax designs, the delay of payments from projects has the potential to support the public perception that the resource sector is not

⁸⁵ ATO, *Submission 65*, p. 8. See also, Professor John Chandler, Private capacity, *Committee Hansard*, 24 April 2026, pp. 2–3.

⁸⁶ ATO, *Submission 65*, p. 8; See also, Treasury, *Mid-Year Economic and Fiscal Outlook 2025–2026*, p. 25.

⁸⁷ Robin Broadway and Michael Keen, *Theoretical perspectives on resource tax design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, p. 23; PRRT Review – Final Report, pp. 9 and 87; ATO, *Submission 65*, p. 9.

⁸⁸ Review of the PRRT – Final Report, p. 78.

⁸⁹ Professor Flavio Menezes, *Submission 161*, p. 2.

paying an adequate charge of the use of the non-renewable resource because projects can be generating significant operating profits but not yet paying tax.⁹⁰

1.107 However, in the context of the issues with the PRRT administration set out above, it appears that part of the reason for the relatively low small amount of PRRT collected is due to generous tax settings and effective tax minimisation.

Comparison to tax collected in other jurisdictions

1.108 It was argued that Australia collects relatively little tax from our gas resources when compared to other countries that have petroleum resources,⁹¹ like Norway⁹² and Qatar.⁹³

1.109 However, the comparison of headline tax rates or total tax collection over particularly periods of time may provide an incomplete picture of the operation and efficacy of those regimes relative to the Australian system.⁹⁴

1.110 Resource profiles differ across countries. For example, Qatar's petroleum resources were argued to be more concentrated and more easily accessible than Australia's resources and thus involve lower costs of extraction and risks for companies. In these circumstances, projects in Qatar may be economic despite relatively high taxing arrangements.⁹⁵

1.111 Fundamentally different tax, historical, geographic, and risk-sharing arrangements in other countries make it difficult to compare the relative efficacy and competitiveness of tax arrangements.⁹⁶ In Norway and Qatar, state-owned petroleum corporations have a direct interest in all stages of the gas production value chain and have direct exposure to project risk.⁹⁷

⁹⁰ See, for instance, Henry Tax review, Part Two: Volume 1 of 2, p. 233.

⁹¹ IEEFA, *Submission 19*, p. 5.

⁹² The Australia Institute, *Submission 21*, pp. 3–4; Mr Ketan Joshi, *Submission 20*, pp. 1–2; Punters Politics, *Submission 6*, pp. 2–4 and 7; Future Group, *Submission 71*, p. 4; Australian Energy Producers, *Submission 69*, pp. 5–6; Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, pp. 22–23.

⁹³ ACOSS, *Submission 45*, p. 3; Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, pp. 22–23; Ms Cecile Wake, Executive Vice President Integrated Gas and Country Chair Australia, Shell, *Committee Hansard*, 22 April 2026, p. 18.

⁹⁴ Origin Energy, *Submission 30*, p. 4.

⁹⁵ Review of the PRRT – Final Report, pp. 49–51 and 58.

⁹⁶ Review of the PRRT – Final Report, p. 5; Shell Australia, *Submission 25*, p. 4; Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, p. 21.

⁹⁷ GTP Review, p. 16; Wood Mackenzie, *Analysis of proposed LNG export windfall levy: potential impact on energy project economics and fiscal competitiveness*, p. 12 (attached to Australian Energy Producers, *Submission 69*); Origin Energy, *Submission 30*, pp. 5–6.

- 1.112 In Qatar, various production sharing contracts (and other fiscal arrangements) are in place with the Qatari Government for individual gas projects.⁹⁸
- 1.113 Norway's tax arrangements mean that the state effectively participates in petroleum projects symmetrically, sharing downside risk in direct proportion to its tax take on the upside.⁹⁹
- 1.114 Further, Norwegian taxpayers have directly invested in the gas industry and in early years of exploration and development, taxpayers were directly exposed to the cashflow losses incurred on petroleum resource projects.
- 1.115 Thus, the attempt to draw direct comparisons between the headline tax collected from petroleum industries in different jurisdictions was not particularly illuminating.¹⁰⁰

Comparison to other industries

- 1.116 Submissions to the inquiry also made comparisons to the tax paid by other industries or collected under other tax regimes (for instance, the beer excise) and argued that this reflected flaws in the taxation of Australian gas resources.¹⁰¹
- 1.117 Some of the submissions criticised the relatively low level of tax paid by gas companies under the PRRT regime over carefully selected time periods.¹⁰²
- 1.118 Labor Senators did not find these comparisons persuasive because they were high selective and potentially misleading.¹⁰³

⁹⁸ GTP Review, p. 16; Wood Mackenzie, *Analysis of proposed LNG export windfall levy: potential impact on energy project economics and fiscal competitiveness*, p. 12 (attached to Australian Energy Producers, Submission 69).

⁹⁹ Wood Mackenzie, *Analysis of proposed LNG export windfall levy: potential impact on energy project economics and fiscal competitiveness*, p. 11 (attached to Australian Energy Producers, Submission 69); Origin Energy, Submission 30, p. 1; Woodside Energy, Submission 63, p. 5; Chevron Australia, Submission 23, p. 6; Australian Energy Producers, Submission 69, p. 1; Hon Bill Johnston, Submission 33, pp. 2–3; Professor John Chandler, Private Capacity, *Committee Hansard*, 24 April 2026, pp. 3–4; Mr Graham Tiver, Executive Vice President and Chief Financial Officer, Woodside Energy Ltd, *Committee Hansard*, 24 April 2026, p. 23; Mr Bill Townsend, Senior Vice-President, Corporate, INPEX Australia, *Committee Hansard*, p. 49.

¹⁰⁰ Business Council for Sustainable Development Australia, Submission 79, p. 3.

¹⁰¹ Australia Institute, Submission 21, p. 4.

¹⁰² Australia Institute, Submission 21, p. 4.

¹⁰³ For example, in 2023–24, oil and gas companies paid almost \$12 billion in tax compared to \$2.6 billion raised from the beer excise. See, also, Chamber of Minerals and Energy, Western Australia, Submission 59, p. 3.

Conclusion

- 1.119 The Australian PRRT system has historically collected limited rents from the exploitation of Australia's gas resources.¹⁰⁴ This reflects its (potentially over) investment-friendly design, the risks taken on by government, and the evolution of the balance of Australia's petroleum resource industry toward gas projects rather than oil projects.
- 1.120 By way of comparison, the royalty regime imposed on gas projects in Queensland appears to have delivered consistent revenue to the State, been generally supported by producers as effective, and has not stultified investment.¹⁰⁵
- 1.121 In light of the issues identified, it appears that the PRRT has delivered lower returns than expected for the Australian community for the exploitation of Australia's gas resources.¹⁰⁶

Reforms already implemented

- 1.122 Work to address some of the deficiencies in the system has been underway since 1 July 2023. The Albanese government has already made the following changes to deliver a fairer return to Australians from our natural resources.
- 1.123 The government introduced a cap on how much LNG projects can use deductions to offset their PRRT liability in any given year, ensuring that once projects are paying PRRT, a minimum share of profits is taxed rather than being fully wiped out by accumulated deductions.
- 1.124 The latest Budget update forecasts Australia will collect \$5.4 billion in PRRT over the four years to 2028–29. The company tax paid by the oil and gas sector increased from \$1.1 billion on average in the five years to 2021–22 to \$10.4 billion in 2023–24.¹⁰⁷
- 1.125 The government also reformed the way gas transfer pricing is calculated, closing loopholes that allowed gas to be undervalued within integrated LNG projects and better aligning prices with commercial reality.¹⁰⁸

¹⁰⁴ Professor Flavio Menezes, *Submission 161*, pp. 2–3

¹⁰⁵ IEEFA, *Submission 19*, p. 1; QRC, *Submission 39*, pp. 6–7; Origin Energy, *Submission 30*, p. 2; Ms Janette Hewson, Chief Executive Officer, Queensland Resources Council (QRC), Committee Hansard, 22 April 2026, p. 5.

¹⁰⁶ See, Grattan Institute, *Submission 73*, pp. 4–5; Professor John Chandler, *Opening Statement*, 24 April 2026, p. 2; IEEFA, *Submission 19*, p. 1; Superpower Institute, *Submission 29*, pp. 1–2.

¹⁰⁷ Letter from Dr Jim Chalmers to Chair, House Standing committee on Petitions concerning Petition EN7101, dated 4 March 2026. Dr Jim Chalmers, Treasurer, *House of Representatives Hansard*, 30 March 2026, p. 3.

¹⁰⁸ See, *Government response to the Review of the PRRT Gas Transfer Pricing Arrangements*.

- 1.126 Further, the government strengthened PRRT anti avoidance rules, bringing them into line with Australia's broader tax integrity framework, so aggressive tax planning is harder to pursue.
- 1.127 These reforms have already reduced the time it will take for gas projects to pay PRRT and reduced the potential for tax minimisation.

Effect of tax regime on investment and supply

- 1.128 Australia has numerous features that make it an attractive place to invest in the gas industry, including:
- (a) significant resource reserves;
 - (b) a comparatively stable political environment;
 - (c) relatively stable fiscal settings; and
 - (d) experience with, and proximity to, markets in the Indo-Pacific region.¹⁰⁹
- 1.129 However, given the enormous uncertainties involved in the exploration, development and operation stages of gas projects across lengthy time horizons, the stability of a country's fiscal and regulatory settings is an important consideration in making investment decisions.¹¹⁰
- 1.130 Countries with stable tax arrangements, such as Norway, are considered to have been more successful at attracting investment in petroleum resource projects than countries that have made frequent changes to tax arrangements, such as the United Kingdom.¹¹¹
- 1.131 Changes to Australia's taxation regime on gas resources have the potential to negatively affect future investment in gas projects in Australia. Companies' investment decisions are based on (among other things) an analysis of potential risks and returns. Increases in the rate of taxation applicable to projects reduce the potential return on that project and regular changes to a country's fiscal regime affect the 'risk premium' allocated in assessing investments in that country.
- 1.132 However, the sensitivity of investment to changes in Australia's tax regime is difficult to assess with precision.

¹⁰⁹ PRRT Review – Final Report, pp. 5–6 and 28; Mr Tim O'Grady, General Manager, Government Engagement, Origin Energy, *Committee Hansard*, 22 April 2026, pp. 40–41; Dr James Mathews, General Manager, Government Affairs, ConocoPhillips Australia, *Committee Hansard*, 22 April 2026, p. 40; Henry Tax review, Part Two: Volume 1 of 2, p. 233.

¹¹⁰ PRRT Review – Final Report, p. 3; Robin Broadway and Michael Keen, *Theoretical Perspectives on Resource Tax Design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, p. 56; INPEX Australia, *Submission 72*, pp. 4 and 7.

¹¹¹ PRRT Review – Final Report, p. 6.

- 1.133 Some evidence suggested that investment in gas projects in Australia is highly sensitive to tax changes.¹¹² Australia was said to be a challenging jurisdiction for oil and gas investment and further increases in taxation would be likely to discourage investment, reduce gas supply, and ultimately diminish government revenue.¹¹³
- 1.134 By way of recent overseas example, some argued that multiple changes to the UK petroleum tax regime have resulted in a significant reduction in investment and exploration.¹¹⁴
- 1.135 Similar arguments have been made in relation to earlier reforms, such as the introduction of the PRRT regime,¹¹⁵ and changes to the gas transfer pricing rules,¹¹⁶ yet investment in oil and gas projects in Australia has continued.¹¹⁷
- 1.136 However, the frequent reviews and changes to the PRRT regime in Australia since the regime's introduction in 1988,¹¹⁸ are likely to have created a perception of lower stability in Australia's fiscal settings as applicable to petroleum resource projects.¹¹⁹
- 1.137 Some witnesses emphasised that higher tax settings may deliver short-term revenue increases, but if they cause a long-term reduction in investment, exploration and development activity, then that reduced investment and production ultimately shrink the tax base and overall taxation revenue collected.¹²⁰
- 1.138 Another relevant source of uncertainty for the industry related to the Australian Government's Gas Market Review.
- 1.139 The Gas Market Review report released in December 2025 recommended the established of a domestic gas reservation scheme (to commence in 2027) and

¹¹² Mr Aaron Morey, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, *Committee Hansard*, 24 April 2026, pp. 62–63 (Aaron Morey); GTP Review, p. 19.

¹¹³ Chamber of Minerals and Energy, Western Australia, *Submission 59*, pp. 4–5.

¹¹⁴ Wood Mackenzie, *Analysis of proposed LNG export windfall levy: potential impact on energy project economics and fiscal competitiveness*, p. 1 (attached to Australian Energy Producers, *Submission 69*); Origin Energy, *Submission 30*, pp. 1 and 6; Chevron Australia, *Submission 23*, p. 6; Australian Energy Producers, *Submission 69*, p. 5; Shell Australia, *Submission 25*, p. 4; Chamber of Minerals and Energy, Western Australia, *Submission 59*, p. 5.

¹¹⁵ PRRT Review – Final Report, p. 5.

¹¹⁶ GTP Review, pp. 11 and 27.

¹¹⁷ See, generally, Dr Ken Henry, *Submission 8*, p. 3.

¹¹⁸ PRRT Review – Final Report, pp. 62 and 146–149; ATO, *Submission 65*, p. 8.

¹¹⁹ Chamber of Minerals and Energy, Western Australia, *Submission 59*, pp. 2–3.

¹²⁰ ConocoPhillips Australia, *Submission 24*, p. 1; Hon Bill Johnston, *Submission 33*, p. 1; Woodside Energy, *Submission 63*, p. 3; Chevron Australia, *Submission 23*, p. 7; QRC, *Submission 39*, pp. 8–10.

emphasised that reform must balance securing domestic supply with market incentives to invest in and develop gas resources.¹²¹

1.140 Submissions to the committee emphasised the importance of the careful design of the domestic gas reservation policy,¹²² and argued that any changes to the tax regime should be mindful of the impact of the domestic gas reservation and the risk of compounding uncertainty in the industry.¹²³

Lack of Consensus on Proposals for Reform

1.141 The submissions to the committee set out a wide range of potential reforms to the taxation of Australia's gas resources.¹²⁴

1.142 However, there was no consensus on which alternative tax regime would strike the right balance between ensuring a fair return on to the Australian community on our gas resources, ensuring the viability of the industry and ongoing investment in gas exploration and production, and meeting our commitments to international trade partners and keeping Australia's promises.

25 per cent Gas Export Tax

1.143 Many submissions advocated for the introduction of a 25 per cent tax (or windfall levy) on LNG exports.¹²⁵ The rationale for the introduction of an export tax, and the basis for the selection of the rate of 25 per cent for a value-based royalty, were thinly explained. Some advocates for this proposal were seeking reform to the tax on gas resources more generally and using this as one example of potential reform.¹²⁶

1.144 Given the uncertainty and volatility of the current global energy supply crisis and the heightened importance of Australia's regional energy partnerships, a 25 per cent tax on the value of Australian gas exports has the potential to worsen Australia's energy security and seriously damage regional relationships.

¹²¹ Gas Market Review Report, pp. 3–4

¹²² Shell Australia, *Submission 25*, p. 2.

¹²³ Senex Energy, *Submission 34*, pp. 3–6; Hon Bill Johnston, *Submission 33*, p. 5; QRC, *Submission 39*, p. 7; Shell Australia, *Submission 25*, p. 4.

¹²⁴ See, IEEFA, *Submission 19*, p. 5; Dr Ken Henry, *Submission 8*, pp. 2–3; Make Big Polluters Pay, *Submission 52*, p. 6; Grattan Institute, *Submission 73*, p. 6.

¹²⁵ The Australia Institute, *Submission 21*, p. 15; ACOSS, *Submission 45*, pp. 1 and 8. CPD, *Submission 49*, p. 3; Climate Council of Australia, *Submission 27*, p. 5; Australian Conservation Foundation, *Submission 43*, p. 6; Future Group, *Submission 71*, p. 2; Maritime Union of Australia, *Submission 32*, pp. 3–6; NTEU, *Submission 42*, p. 2; Australian Services Union, *Submission 44*, p. 3.

¹²⁶ Mr Toby Phillips, Economic Director, Centre for Policy Development, *Committee Hansard*, 21 April 2026, p. 26; Ms Christina Hobbs, General Manager, Policy, Future Group, *Committee Hansard*, 21 April 2026, p. 50.

1.145 An export tax may:

trigger retaliation, give rise to contract disputes, and undermine Australia's reputation as a credible and reliable trading partner. If the objective is to ensure Australians receive a fair share of gas revenues, more targeted instruments ... are likely to be both more efficient and more durable.¹²⁷

1.146 According to some submitters, imposing a 25 per cent export levy would make many Australian gas projects uneconomic, sharply reduce investment, materially damage Australia's fiscal competitiveness and elevate sovereign risk and reduce the availability of domestic gas supplies.¹²⁸ However, some submitters considered that it would change incentives only at the margins.¹²⁹

1.147 Based on the evidence before the committee, and in the current global context, Labor Senators do not support a broad based 25 per cent export tax as a method to increase the tax revenue collected by the Commonwealth from the gas industry at this point in time.

PRRT Design Features

1.148 Given the issues with the PRRT identified above and shortcomings found in earlier reviews of the tax regime, further tightening various aspects of the PRRT system may increase the tax revenue generated from Australian gas resources and help to reduce the time before PRRT tax payments are made on gas projects.¹³⁰

1.149 Reforms to the PRRT may have the potential to improve the simplicity and efficacy of the regime in achieving the objectives of the tax system set out above, while retaining the overarching structure of the current tax regime.

1.150 Retaining some form of resource rent taxation ensures relatively economic neutrality and may better realise the potential to achieve high revenues from profitable projects than other taxes without exposing the Australian taxpayer to downside risk.¹³¹

¹²⁷ Professor Flavio Menezes, *Submission 161*, p. 4.

¹²⁸ Australian Energy Producers, *Submission 69*, pp .1 and 5; See also, Prosperity Institute, *Submission 15*, pp. 7–20; bp Australia, *Submission 22*, pp. 3–4.

¹²⁹ Mr Toby Phillips, Economic Director, Centre for Policy Development, *Committee Hansard*, 21 April 2026, p. 27.

¹³⁰ Wilderness Society, *Submission 37*, p. 2; Hon Bill Johnston, Private Capacity, *Committee Hansard*, 24 April 2026, pp. 65–66. Tax Justice Network Australia and the Centre for International Corporate Tax Accountability & Research, *Submission 13*, pp. 1-2; Australian Workers' Union, *Submission 70*, p. 8. See also, PRRT Review – Final Report, p. 12.

¹³¹ Henry Tax Review, Part Two: Volume 1 of 2, pp. 217–218 and 221.

Royalties

- 1.151 Some submissions advocated for the imposition of a royalty on the value of gas resources extracted (either as a replacement for the PRRT system or to augment it).¹³²
- 1.152 Royalties are relatively simple to calculate, administer, and collect,¹³³ and are useful in situations where measuring project costs is complicated by jurisdictional cost-shifting and information asymmetry.¹³⁴
- 1.153 As compared with the PRRT, royalties will tend to collect a greater share of the returns on resources when profitability is low or negative and collect a smaller share of returns when profitability is high.¹³⁵ (Rent taxes have the inverse characteristics.)
- 1.154 Imposing a royalty while retaining a rent tax element may compensate for the tendency of royalties to collect insufficient return when there are increases in profits in the gas industry.¹³⁶
- 1.155 In theory, royalties are not economically neutral, so there is the risk that they discourage exploration and production activities.¹³⁷ However, there were suggestions that royalties do not excessively distort investment decisions.¹³⁸
- 1.156 The benefits of applying a royalty to offshore petroleum and gas projects include: (a) an early and assured revenue flow to government; and (b) ensuring

¹³² Professor John Chandler, *Opening Statement*, 24 April 2026, p. 3; Grattan Institute, *Submission 73*, p. 6; The Australia Institute, *Submission 21*, p. 7; Mr Joshua Runciman, Lead Analyst, Australian Gas, IEEFA, *Committee Hansard*, 21 April 2026, pp. 13–14; Australian Workers' Union, *Submission 70*, p. 9.

¹³³ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 7–8 and 93–94; Robin Broadway and Michael Keen, *Theoretical perspectives on resource tax design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, pp. 27–29; PRRT Review – Final Report, p. 34; Jack Calder, *Resource tax administration – The implications of alternative policy choices* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, p. 320.

¹³⁴ Robin Broadway and Michael Keen, *Theoretical perspectives on resource tax design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, p. 55.

¹³⁵ Henry Tax Review, Part Two: Volume 1 of 2, pp 225–226.

¹³⁶ Henry Tax Review, Part Two: Volume 1 of 2, pp. 217–218. See also, PRRT Review – Final Report, pp. 49–50.

¹³⁷ PRRT Review – Final Report, p. 34.

¹³⁸ Professor John Chandler, *Opening Statement*, 24 April 2026, p. 3.

that some return to the Australian community from those projects that prove marginal or not profitable.¹³⁹

Fair Share Levy/Brown Tax

1.157 There were proposals for a 'fair share levy', a kind of Brown Tax, where the government would share the risk of the profits and losses of gas projects through the tax system.¹⁴⁰

1.158 This type of tax arrangement involves collecting taxes during years where there are positive net cash flows and paying subsidies (negative taxes) in years in which net cash flows are negative. The tax is economically efficient and mimics aspects of equity exposure to projects, but shares some of the complexities of the resource rent tax.¹⁴¹

1.159 A fair share levy 'holds out the possibility of raising substantial amounts of public revenue without distorting decisions on production, consumption, or trade'.¹⁴²

Other taxes

1.160 There are also a range of other types of resource taxes that could be considered as part of a reform process.¹⁴³ They include higher fixed fees (either set or determined by auctions) for the right to explore and develop gas resources, higher corporate income tax rates on gas projects, and progressive profits taxes on gas projects.¹⁴⁴

1.161 The taxation options that may be considered are not binary and may be combined to realise different benefits (and will have different costs and trade-offs).¹⁴⁵

¹³⁹ PRRT Review – Final Report, pp. 9–10.

¹⁴⁰ IEEFA, *Submission 19*, p. 5; Grattan Institute, *Submission 73*, p. 6; Mr Baethan Mullen, Chief Executive Officer, Superpower Institute, *Committee Hansard*, 21 April 2026, pp. 20–21; Superpower Institute, *Submission 29*, pp. 1; 3–5 and 7.

¹⁴¹ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 7–8 and 99–100; PRRT Review – Final Report, p. 35; Henry Tax Review Part Two: Volume 1 of 2, p. 221.

¹⁴² Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 18 and 22.

¹⁴³ Henry Tax Review Part Two: Volume 1 of 2, pp. 222–223.

¹⁴⁴ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, pp. 7–8 and 91–96; PRRT Review – Final Report, p. 34.

¹⁴⁵ Ross Garnaut, Anthony Clunies Ross, *Taxation of Mineral Rents*, Clarendon Press, Oxford, 1983, p. 103. Robin Broadway and Michael Keen, *Theoretical perspectives on resource tax design* in Philip Daniel, Michael Keen and Charles McPherson, *The Taxation of Petroleum and Minerals: Principles, Problems and Practice*, Routledge & International Monetary Fund, New York, 2010, pp. 55 and 62.

Conclusions and Recommendations

1.162 It is clear that Australians should get a fair return on the use of Australian resources through the taxation system.

1.163 Given the range of uncertainties in the current environment, including the global energy supply crisis and the gas market review and domestic reservation policy, policy stability and relationships with our trading partners have never been more important, nor the ability to attract capital investment to underwrite our energy security.

1.164 The current global energy supply crisis, and the heightened importance of regional energy partnerships, make this an inopportune time for precipitate or sudden changes in Australia's tax regime on gas resources. Nevertheless, the situation does not prevent the consideration of questions of tax policy or possible future areas for reform, once the exigencies of the current crisis have passed.

1.165 Despite some of the limitations of the committee process, the issues with the PRRT as well as the relatively low levels of tax collected (and the delays in collection) from Australia's gas resources indicate this is an area for further exploration.

1.166 Australia's gas industry is vitally important to our energy security, economic prosperity, and energy and decarbonisation journey. It is an industry that makes complicated investment, development and operational decisions based on significant uncertainty across lengthy project time frames, and provides secure, well-paying jobs.

1.167 Labor Senators consider that:

- (a) any future reform of tax arrangements applicable to Australia's gas industry should be pursued in an orderly, timely, structured and transparent manner, and that reforms implemented should be evidence-based, coherent, sustainable, and holistic;
- (b) any reforms should be carefully calibrated to:
 - (i) achieve clearly defined objectives, including collecting increased tax revenues in a timelier way;
 - (ii) not undermine the industry or jeopardise long term investment and our energy transition; and
 - (iii) avoid unintended consequences;
- (c) any reform proposals should be the subject of detailed Treasury or Productivity Commission modelling and expert input on tax design; and
 - (i) ensure the regime has the confidence of the Australian public and appropriate social licence for industry as an important economic contributor to Australia.

- (d) stakeholders and industry should be consulted in a substantive way on any reform proposals;¹⁴⁶
- (e) any reform process should be undertaken with a view to setting long-term and stable policy settings that provide clarity for both investors and the public and are not subject to frequent adjustment or amendment;
- (f) if any reform proposals are to apply to existing gas projects, what transitional arrangements may be required.

Recommendation 1

1.168 The Treasury or the Productivity Commission prepare a comprehensive report on the revenue earned from Australian petroleum resources and the taxes paid and forecast to be paid by companies involved in the exploration, development, and extraction of Australian petroleum resources, including information such as:

- **revenue and tax by reference to**
 - **the type of petroleum resource;**
 - **the category of taxation; and**
 - **the project generating the revenue;**
- **in relation to petroleum resource projects in Australia:**
 - **the allowable cost base deductions claimed;**
 - **the extent by which the allowable base deductions exceeded forecasted project capital expenditure;**
 - **the expenditure uplift amounts claimed; and**
 - **the amount of exploration expenditure transferred between projects and within wholly owned groups,**

as well as an assessment and benchmarking of the tax paid in Australia against other countries with comparable petroleum resource industries.

1.169 As part of this report, the Treasury or the Productivity Commission should consider whether changes to the current revenue and tax reporting requirements in relation to gas projects are needed to improve transparency and tax administration and, if so, recommend changes.

Recommendation 2

1.170 After the current Middle East energy crisis has passed and following finalisation of the government gas market review and gas reservation design, the Treasury or the Productivity Commission evaluate the reform proposals to the inquiry, and provide additional information (and undertake any necessary modelling) in relation to the proposals, including as to:

- **anticipated tax revenue;**

¹⁴⁶ PRRT Review – Final Report, p. 3.

- the impact on investment and jobs in the Australian gas industry;
- the impact on the supply and price of gas in Australia's domestic market;
and
- the profile of anticipated revenue collection across the lifespan of gas projects.

Recommendation 3

1.171 A substantive consultation process with the gas industry and other stakeholders be undertaken about any reform proposals evaluated under Recommendation 2 above and the need (if any) for transitional arrangements, should any proposed reforms apply to existing gas projects.

**Senator Varun Ghosh
Deputy Chair
Senator for Western Australia**

**Senator Lisa Darmanin
Senator for Victoria**

Coalition Senators' Additional Comments

- 1.1 The Coalition members of the Senate Select Committee on the Taxation of Gas Resources (the committee) propose this Report in response to evidence presented to the committee. This Report outlines the Coalition members of the Committee's objections to some observations proposed in evidence, to ensure a symbiotic relationship between ongoing resources investment and the taxation of projects.
- 1.2 These additional comments are to be read in conjunction with views expressed by senators and in evidence before the committee.
- 1.3 The taxation changes requested by the Greens and other anti-fossil fuels and activist entities within this inquiry have proven baseless, arbitrary and present as part of an economic campaign aimed at ending the Australian gas sector entirely.
- 1.4 The Coalition members of the committee hold any resources sector taxation changes ought to be assessed solely on the following core principles, and not on emotions or social media pressure from activists:
 - Consistent and reliable messaging on a global scale to position Australia as an attractive investment nation, including understanding the importance of regional trading partnerships during geopolitical tensions;
 - Increased funding, grants and government support for the resources sector in order to explore new resources opportunities;
 - Consultation with the resources sector to ensure no punitive or 'double' taxation when considering consistent taxation changes;
 - Removal of burdensome legislative and regulatory parameters currently hindering the very sector supporting Australia's ability to achieve energy security, sovereignty, and trade;
 - Any taxation-related gas market intervention could be construed as socialist and further risk Australia's global standing, following on from the Labor government's previous successive drastic interventions into Australia's domestic and international gas market since 2022.
- 1.5 Australia's success as an economic powerhouse, with reasonable taxation of resources, and the Federal Government more broadly, is dependent on satisfying and upholding these principles.
- 1.6 The Coalition members of the committee will not support arbitrary taxation where it is punitive, retrospective and damaging to investment attraction. Rather, the Coalition members of the committee contend that the resources sector, including gas, ought to be supported to continue driving Australia's energy sovereignty, without arbitrary taxation and burdensome over-regulation.

Concerns raised in submissions and the inquiry from stakeholders

1.7 Throughout the process of the inquiry, multiple stakeholders from the sector and adjacent bodies and individuals raised concerns about misinformation and the impact of arbitrary taxation, including on jobs in the sector, the viability of the sector, and for relationships with international trading partners. Indeed, one of the key themes was a potential for the delivery of additional taxes through new project commencements and approvals, not to support attempts to end the sector for ideological and partisan purposes. The damage from the signalling of potential arbitrary taxation of the gas sector under Labor was acknowledged in multiple submissions to this inquiry.

1.8 For example, Australian Energy Producers (AEP) stated in a submission to the inquiry that any windfall levy would likely render projects in the sector uninvestable:

The addition of a 25% windfall levy on LNG exports could increase Total Government Share (the effective tax rate of a project) to as high as 83% (at US\$120/bbl), and erode nearly all positive value of a representative offshore gas field development (94% reduction). All potential windfall tax mechanisms modelled in this analysis result in an increased effective tax rate, and reduction in investment returns, on a scale that could make Australia's oil and gas projects uninvestable at the long-term Brent oil price that underpins investment decisions (~US\$70/bbl).¹

1.9 AEP also suggested in their submission that there would be an adverse impact from this windfall levy onto the domestic gas supply while noting an overseas example of arbitrary taxation on gas having an adverse impact on investment:

An export windfall levy could render LNG projects uneconomic and put up to 19,000 PJ of gas production and approximately A\$70.4 billion of government revenue at risk. Analysis by Wood Mackenzie finds that imposing a 25% export levy on LNG exports could increase the effective tax rate of a project to as high as 83%, and reduce the value generated by oil and gas projects by as much as 94%. Such a tax would also adversely affect the availability of domestic gas supplies, reduce the longevity and valuations of Australia's existing LNG facilities, and raise sovereign risk concerns for our LNG trading and investment partners. The United Kingdom's Energy Profits Levy has led to significant decreases in investment and put billions of dollars in potential capital expenditure at high risk.²

...

International experience shows these risks are measurable and material. The UK's Energy Profits Levy provides a clear warning: successive changes to the levy have created fiscal instability, triggering a measurable contraction in investment across the UK Continental Shelf. Capital expenditure has fallen sharply, with billions of pounds in planned investment now at risk of being redirected to more competitive jurisdictions. The Wood Mackenzie

¹ Australian Energy Producers, *Submission 69*, [p. 7].

² Australian Energy Producers, *Submission 69*, p. 1.

report makes clear that Australia risks repeating this pattern. Introducing an export levy would significantly worsen Australia's fiscal competitiveness at a time when global capital is increasingly mobile and when long-term energy security – both for Australia and our trading partners – depends on continued investment in new supply.³

- 1.10 Additionally, AEP commissioned analysis from Wood McKenzie, the analysis found what the existing taxation settings could bring to Australia's economy:

Australia's oil and gas industry would deliver almost \$160 billion in taxes and royalties to governments over the next five years if high international prices persist under existing tax settings, new independent analysis by Wood Mackenzie shows. This represents around \$80 billion more than under typical long-term price assumptions equating to nearly \$17 billion per year in additional revenue flowing to federal and state budgets.⁴

- 1.11 Despite Senators consistently hearing evidence to the contrary throughout the inquiry process, some views expressed continue to provide equivalency for Norway and Qatar with the Australian system, which is not accurate. As clarified by AEP following the inquiry following an article from Gareth Hutchens in the ABC :

As explained in our submission to the Senate Select Committee Inquiry into the Taxation of Gas Resources, Norway co-invests and participates in its oil and gas industry, while Australia relies on the private sector. In Australia, private investors finance large-scale oil and gas projects (more than A\$400 billion since 2010) and private shareholders – not taxpayers – bear the significant costs and commercial risks associated with oil and gas exploration and development, including subsurface uncertainty. In contrast, the Norwegian state owns holdings in a number of oil and gas fields, pipelines and onshore facilities through its State's Direct Financial Interest (SDFI). This portfolio is managed by the state-owned company, Petoro, which holds ownership interests in approximately 30% of Norway's oil and gas reserves. The SDFI accounts for a significant share of national production (typically up to 25%) (see Norwegian Petroleum: Historical Production and Petoro: Reports). Further, the Norwegian state owns 67% of Equinor which operates approx. 70% of total oil and gas production on the Norwegian Continental Shelf. Norway actively funds its share of capital expenditure, operating costs, exploration and risks (dry wells, cost overruns, price volatility) through its SDFI equity stake, in return for a corresponding share of revenues. Norway further complements this state co-investment with supportive tax rules for private companies, including immediate expensing of investments and cash refunds for the tax value of losses (at 71.8% of the special tax base). In contrast, Australia has no equivalent direct equity stake or ongoing capital calls on taxpayers. And because Australia does not refund losses or fund projects upfront, the tax benefits for

³ Australian Energy Producers, *Submission 69*, p. 5.

⁴ Australian Energy Producers, [Existing tax system would deliver \\$80 billion more tax from higher oil price, report finds](#), 23 April 2026.

companies operating here are later, smaller and less certain. (AEP - Response to Committee invitation to comment on ABC article).

- 1.12 The Business Council of Australia's Chief Executive, Mr Bran Black, articulated to the inquiry his concerns an export levy would make Australia less competitive:

We know that investment can go to jurisdictions other than Australia. We know that other countries are actively seeking to be more competitive to attract more investment. We see that day after day. So in circumstances where we're trying to chase that capital, our contention is very clear: we have to be the most attractive place to invest that we can be. So let's not make ad hoc changes. Let's try and secure that investment. Let's put that downward pressure on domestic suppliers, and, in the course of doing so, also make sure that we continue to be a reliable partner.⁵

- 1.13 A 2025 report by Wood Mackenzie titled *Australia's Natural Gas Investment Competitiveness* found that;

... while global investment in gas exploration has grown by nearly 30 per cent in the past five years, investment in Australia is lagging with just 15 per cent growth recorded over the same period.

Australia is now attracting only a 15 per cent share of the investment portfolio of major international oil companies, down from 40 per cent just over a decade ago.⁶

- 1.14 Former Department of Treasury Secretary, Dr Ken Henry, was not able to articulate considerations for the need for investment, or foreign direct investment, into Australia and its resources sector during his presentation to the inquiry. When directly questioned if he had undertaken any sensitivity analysis of where the investment currently coming to Australia could otherwise go, such as to a competitor nation, Dr Henry did not provide any indication that analysis has been undertaken nor outline why attracting investment is important:

Senator McDONALD: ... Do you know if there's been any modelling done on the price sensitivity of the market?

Dr Henry: No, I don't, but I'm not sure that I understand the issue. What's the policy issue there?

Senator McDONALD: The policy issue is whether or not the gas would come from Australia or the gas would come from somewhere else.

Dr Henry: No, I understand that, but what's the policy issue—like, so what?

Senator McDONALD: This is a great discussion to have, because I would like to see the investment in Australia.

⁵ Mr Bran Black, Chief Executive Officer, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 30.

⁶ Wood Mackenzie, [Australia at risk of losing its energy edge as gas investment stalls, report finds](#), 26 May 2025.

Dr Henry: But for what purpose?

Senator McDONALD: It could be for the CAPEX spend, investment in small businesses, the employment of Australians who pay their own taxes and live a quality of life—

Dr Henry: Sure, but, I mean, you could say that about any industry, right?

Senator McDONALD: Yes, but it just so happens that this is our second-biggest industry.

Dr Henry: It employs fewer than two per cent of the Australian Labor force, for goodness sake.

Senator McDONALD: But it's the second-biggest corporate taxpayer.

Dr Henry: Well, yes—and, as I've explained, it doesn't pay nearly enough tax.

Senator McDONALD: No, but it still remains the second biggest. I appreciate that you don't think it pays enough.

Dr Henry: I would prefer that it was the biggest, honestly. I think it should be the biggest.

Senator McDONALD: This is the point about which I think you weren't sure where I was going. I want Australia to continue receiving the investment, whether it be the second-biggest taxpayer or the biggest taxpayer. Certainly, the tax should be paid here. I fear that there's not been any sensitivity analysis done of what it would do to Australian investment. I think Senator Ghosh made a reference to what happened in the UK. Certainly, there is Argentina. There are other jurisdictions who have been down this road of introducing greater taxation that have missed out on the investment, and they've then had to unwind.

Dr Henry: Okay, but I don't understand why the level of investment in this industry per se is of policy significance or why it should be a policy goal. I don't get that at all. And, by the way, when I was—

Senator McDONALD: Can we pause on that? It is an important policy goal because—

Dr Henry: Well, it should not be, and I'll explain. When I was Treasury secretary, the biggest challenge that I faced or that Treasury faced in respect of economic management was not actually the global financial crisis, which had got everybody's attention, but how to manage the Australian economy through the mining boom. That was the biggest challenge we confronted. There was such a rush of investment that we experienced an appreciation of the real exchange rate of 70 per cent. The real exchange rate, which is the principal or most commonly used measure of Australian competitiveness, still sits 50 per cent above where it was pre mining boom. That mining boom, that rush of investment that you refer to, has damaged the international competitiveness of every other sector in Australia, and for what? For a very small increase in the proportion of the labour force employed in the mining sector—okay, they get better wages than those employed in other sectors of the economy—for the extraction of higher volumes of natural resources from the Australian balance sheet by multinational companies,

remembering that the value that the Australian people get from those exports is measured in terms of the amount of taxation revenue that's raised.

Let's suppose you're right. I don't believe it, but let's suppose that our gas exports were to fall by 10 per cent. I'd ask you this question: is it better for the Australian public to get 30 per cent of 100 or 40, 50 or 60 of 90? It's a simple piece of arithmetic.

Senator McDONALD: That is exactly the point that I'm trying to make.

Dr Henry: Sorry, I've misunderstood you.

Senator McDONALD: No, we are on the same page. I don't think anybody has done the arithmetic of whether or not we would end up with a 10 per cent greater tax take on a smaller amount or if we were to end up with a smaller tax take on a smaller amount. My fear is that lack of analysis, sensitivity and understanding. You know as well as anybody of the greater capital costs in Australia and the nature of our geology compared to some of these other jurisdictions. It means that there is a competitive tension about where gas investment comes. I appreciate what you said. I listened carefully. You're not a fan of fossil fuels and the speed of the transition, so we'll have different views in that regard. But regardless we should be making smart decisions, and I don't feel that this is a well thought through discussion. We have had submissions made this morning that, when I've tried to tease out some of the assumptions and some of the economics that they've used, those assumptions haven't been readily to hand. I think this sensitivity bit about what it means for investment is critical.

Whilst we may have different views on what the value of the investment rush is to Australia, I can tell you, in the places that I go to, it's changed people's lives. It's given kids the opportunity to go to boarding school. It's given farmers the opportunity to grow their farming outputs.

Dr Henry: Sure. I get that.

Senator McDONALD: Yes, so I think that's the bit. If I could sit here and some of the people who provided evidence could say, 'I've done the sensitivity analysis, and I can tell you the impact on this tax, not just what it will be for this year's take and next year's take but what it will be in 10 years or 20 years,' then I would feel a lot more confident about the discussion. But I'm deeply concerned that this isn't fully fleshed out. We share an economics background. This stuff is modellable.

Dr Henry: Yes, although, 10 years and 20 years out? Mm.

Senator McDONALD: Sure. Let's start with five years out.

Dr Henry: Okay. I understand where you're coming from.⁷

- 1.15 The Queensland Resources Council CEO, Ms Janette Hewson, outlined that any levies would be tantamount to double taxation and mean 'resources would stay in the ground'.

Overlaying a federal export tax on top of that regime would effectively amount to punitive double taxation. Our sectoral work shows a 25 per cent

⁷ Dr Ken Henry, Private capacity, *Committee Hansard*, 21 April 2026, pp. 59–60.

export tax would operate as a tax on revenue, not profits, and that would equate to around 20 per cent of revenue and, for many marginal projects, more than 100 per cent of profits. The consequence would be cancelled projects; declining investment; over time, reduced supply and, very importantly, fewer jobs, including in regional Australia; and a shrinking revenue base.⁸

...

I do want to make a point that the resources will stay in the ground and no-one will benefit, whether it's federal government, state government, ordinary people or those in the regions, if the investment settings are not right. I believe that what's being proposed.⁹

- 1.16 There was a clear indication of the risks of arbitrary taxation beyond a partisan nature, highlighting the clear concern from those aware of policy settings for this sector. Former Western Australia Labor Minister for Mining, the Hon Bill Johnston, stated to the inquiry that there is a significant investment attraction risk in pursuing any arbitrary taxation:

This is clearly a sovereign risk, because what is the public policy issue that says you can only do this to the gas sector? Why is it only on the gas sector that you'll tax these revenues? ... We rely on foreign investment for our resource industry. That would damage our foreign investment position. We're an expensive jurisdiction. People don't come here for cheap things; they come here for stability. So why would you go and undermine the one thing that gets investors to talk to us, which is our stability?¹⁰

- 1.17 And current Western Australian Premier, the Hon Roger Cook MLA, was reported saying that a new tax on gas exports would not be good for WA:

'I don't support it ... I don't think it'd be good for Western Australia, and I've made those views clear to the Prime Minister,' Cook told reporters. 'I understand that that sort of conversation has superficial appeal ... if we are going to continue to attract the investment that we need for these projects which deliver prosperity, literally over decades, you have to make sure you provide a stable environment for these companies to be able to make those investment decisions.'¹¹

- 1.18 Woodside was reported having concerns a tax would 'effectively torpedo' its Browse gas project off the West Australian coast, a spokesperson quoted in *The Australian Financial Review* on 21 April 2026:

⁸ Ms Janette Hewson, Chief Executive Officer, Queensland Resources Council, *Committee Hansard*, 22 April 2026, p. 2.

⁹ Ms Janette Hewson, Chief Executive Officer, Queensland Resources Council, *Committee Hansard*, 22 April 2026, p. 9.

¹⁰ Hon. Bill Johnston, Private capacity, *Committee Hansard*, 24 April 2026, p. 65.

¹¹ Tom Rabe and John Kehoe, '[Western Australia Premier Roger Cook warns Prime Minister Anthony Albanese against new gas tax or LNG levy](#)', *The Australian Financial Review*, 21 April 2026.

The mooted 25 per cent revenue-based royalty would render the proposed Browse-to-North West Shelf development uneconomic.¹²

- 1.19 Woodside's Chief Financial Officer, Mr Graham Tiver told the inquiry that a proposal to introduce a new flat 25 per cent tax on all gas exports would be economically unsustainable, as reported by the ABC :

If you were putting that on top of PRRT [Petroleum Resource Rent Tax], if you were putting it on top of corporate income tax, I'm not sure how any project would survive.¹³

- 1.20 Through all of these submissions, the message is clear: the government's ill-thought arbitrary taxation of the gas sector have caused significant industry uncertainty, and damaged Australia's international standing as a reliable energy supplier in the middle of a global energy crisis stemming from current geopolitical tensions. Many submissions did not focus on taxation, but provided irrelevant anti-gas sentiment as part of a cohesive attempt to undermine the gas sector. For example, The Australia Institute's employee Ketan Joshi's submission to the inquiry stated:

Heavy taxes on tobacco were enacted with the explicit goal of killing off that deadly industry, and that is how it should be for fossil fuels.¹⁴

- 1.21 The Australia Institute's Dr Richard Denniss has previously written, 'stopping investment in new gas production is a desirable outcome'.¹⁵ Indeed, The Australia Institute has previously advocated for 'no new coal and gas' projects,¹⁶ and its 2024-25 annual report outlined that it established 'the Coalition for Climate Ambition', which has as its first objective 'Banning all new fossil fuel development'.¹⁷ These comments should not be taken lightly, as the current approvals process for gas projects is a number of years and limited projects have come to fruition under the Labor Government, presenting a substantial risk to Australia's economic prosperity in the future. When specifically queried during the inquiry about investment competition with other jurisdictions by Senator McDonald, The Australia Institute did not provide any analysis or specifics relating to global competition for investment in relation to the resources sector.

- 1.22 Throughout the hearing, there was a clear theme of misunderstanding taxation principles and applications, and inappropriate comparisons being made

¹² Tom Rabe and John Kehoe, '[Western Australia Premier Roger Cook warns Prime Minister Anthony Albanese against new gas tax or LNG levy](#)', *The Australian Financial Review*, 21 April 2026.

¹³ Cason Ho, '[Gas giant Woodside says additional tax on gas exports would kill projects at Senate inquiry](#)', *ABC News*, 24 April 2026

¹⁴ Mr Ketan Joshi, *Submission 20*, p. 6.

¹⁵ Richard Denniss, '[The case for a gas export tax, explained](#)', *The Point*, 23 March 2026.

¹⁶ The Australia Institute, [Coalition for Climate Ambition](#).

¹⁷ The Australia Institute, [30 years of big ideas: Annual Report 2024–25](#), p. 16.

between Australia and government-owned-gas-corporation profits and taxes in nations like Norway and Qatar with fundamentally different industries and geologies.

- 1.23 This was summarised by Mr Aaron Morey, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, in his appearance before the inquiry:

There is also a fundamental misunderstanding in parts of this debate. Australia already has a windfall tax on gas. It is the petroleum resource rent tax. It sits on top of company tax and is designed to ensure the community shares in profits once projects have recovered their very large upfront costs. Those costs and risks matter. These are multidecade, capital-intensive investments where private investors carry the full upfront risk. That is very different to countries like Norway and Qatar, where governments share in both the risk and the reward. Against that backdrop, proposals for further tax increases risk irreversible damage.¹⁸

- 1.24 Indeed, so problematic has the signalling been that the Prime Minister himself expressed concern over the inaccuracies being used in social media and media narratives relating to the gas sector and taxation, ABC reported Mr Albanese said some of the arguments being put forward by campaigners were 'disingenuous', including the assertion companies were exporting gas tax-free.

They pay around about \$22 billion [a year] and, importantly, ... you do need to acknowledge the tens of billions of dollars of investment that occurs in order to have that gas extracted,' Mr Albanese told ABC's Afternoon Briefing. 'And without that investment, that's come from North America and Japan, in Inpex's case, we wouldn't be having a debate because there wouldn't have been that extraction occur.'¹⁹

- 1.25 In the same media reporting, Mr Albanese said:

'I've seen there are reports suggesting that there's more on beer tax than gas. It's just not true,' he told the Daily Aus podcast. 'And some of the debate has distorted some of the facts which are there.'²⁰

- 1.26 Furthermore, a social media campaign distortion of a 2019 media quote excerpt from the ATO needed to be clarified by officials presenting to the inquiry²¹:

Senator McDONALD: I'll start with the ATO. I'm sure that you are dying to correct the record. There's been quite a bit of information about what the

¹⁸ Mr Aaron Morey, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, *Committee Hansard*, 24 April 2026, p. 60.

¹⁹ Jane Norman, '[Albanese poised to kill off move to increase taxes on gas giants](#)', *ABC News*, 23 April 2026.

²⁰ Jane Norman, '[Albanese poised to kill off move to increase taxes on gas giants](#)', *ABC News*, 23 April 2026.

²¹ Tom McIlroy, '[Oil, gas 'systemic non-payers' of tax](#)', *The Australian Financial Review*, 12 December 2019.

ATO may or may not have said in 2019. Would you like to correct the record about what was said?

Mr Manley: We did see that exchange, and my colleague on the line, Deputy Commissioner Sams, will be able to address that.

Ms Sams: I'll start just by reading the full quote referred to from 2019 before commenting. I understand the quote referred to is:

Ms Saint said a small number of firms were 'systemic non-payers'.

'They do cover all sectors of the economy and industry sectors. There are some notable sectors in that population though, and one of those sectors that we do expect to see transitioning from this loss phase is the oil and gas sector.

'Many of the oil and gas companies have generated losses through the construction phase of their large offshore projects. As they start to come online, these taxpayers will transition to utilising losses and becoming tax payable [entities].'

The ATO expects several large oil and gas companies to start paying tax in the early 2020s.

In terms of what was meant at that time, the ATO has made a number of detailed submissions to Senate committees over a number of years in respect of oil and gas over the course of the Tax Avoidance Taskforce, and I would refer the committee to our November 2019 submission, around the same time of that relevant statement, because I think it provides some relevant context. At the time, we were explicit that the oil and gas project lifecycle is such that it is expected that participants incur significant tax losses at the startup phase prior to a period of utilisation of those losses in later years before they ultimately become tax payable, which I think is clear from the quote.

I go on to say, at the time of the relevant quote, subject to market conditions, as well as firm tax administration on some critical issues—the 2019 submission also refers to key risks, including transfer pricing risks related to related-party financing and supply chains—the expectation was that a number of oil and gas companies would utilise carry-forward tax losses and start to become tax payable over the short to medium term. If you look at the aggregated data provided in our more recent submissions, which include our 2021 submission and 2026, that is in fact what has occurred over time. So more oil and gas companies have become tax payable over time. And the latest corporate tax transparency data shows that corporate tax paid by oil and gas for the 2023-24 year, which is the most recent numbers reported, was \$10.4 billion.²²

- 1.27 Whilst officials from Treasury equally disputed the social media messaging that Australian gas 'is given away for free', Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury told the inquiry:

I'd just question the notion that the companies are getting their inputs for free. The way we think about the operation of tax is that basically all companies operating in Australia are subject to corporate income tax, and

²² Ms Michelle Sams, Deputy Commissioner, Public Groups, Programs and Strategies, Australian Taxation Office, *Committee Hansard*, 22 April 2026, pp. 58–59.

that's as a base, and then there are additional layers of tax which are essentially designed to provide a return to the Australian community, effectively for the value of the resource.²³

- 1.28 This incorrect 'free' narrative messaging clarification was supplemented by Ms Samantha Chard, Head, Oil and Gas Division, Department of Industry, Science and Resources at the inquiry:

I would suggest that there are a range of factors that impact on a gas company's cost base, if you like. To give you a bit of context on that: it typically takes 20 years for an LNG company to go from exploration to production.²⁴

- 1.29 Evidence from major oil and gas investors in Perth further confirmed that the PRRT is working as designed and that further changes so soon after the 2023 reforms would undermine the good-faith basis on which long-term investments were made.

- 1.30 Woodside's Chief Financial Officer, Mr Graham Tiver, told the inquiry the current PRRT framework 'works' because it balances a fair return to the community with the need to encourage investment:

The purpose, or the intent, of the PRRT is to capture additional profit once the investor has a decent return on the investment... It works. It encourages investment.²⁵

- 1.31 Mr Tiver further stated that, following the 2023 reforms, it was Woodside's understanding that the PRRT changes had been 'worked through and finalised'. When Senator Dean Smith asked how Woodside would respond to further changes, Mr Tiver replied: 'I would prefer no reform. It works.'²⁶

- 1.32 Woodside's opening statement also reinforced that Australia's current tax framework is already delivering substantial returns to taxpayers. Woodside stated it had paid more than \$22 billion in PRRT since its introduction, including \$471 million last year, and around \$2 billion in Australian taxes, royalties and levies in 2025. Woodside also made clear that more supply, not higher tax rates,

²³ Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury, *Committee Hansard*, 22 April 2026, pp. 55–56.

²⁴ Ms Samantha Chard, Head, Oil and Gas Division, Department of Industry, Science and Resources, *Committee Hansard*, 22 April 2026, p. 65.

²⁵ Mr Graham Tiver, Executive Vice President and Chief Financial Officer, Woodside Energy, *Committee Hansard*, 24 April 2026, p. 25.

²⁶ Mr Graham Tiver, Executive Vice President and Chief Financial Officer, Woodside Energy, *Committee Hansard*, 24 April 2026, p. 25.

is the most sustainable way to increase long-term revenue, noting that its Scarborough project is projected to deliver \$55.5 billion in taxes over its life.²⁷

- 1.33 Chevron similarly told the inquiry that the PRRT had enabled major investments by recognising the significant upfront risk, cost and time required to develop Australian LNG projects. In response to Senator Dean Smith, Chevron's Mr Kynan Scarr explained:

The PRRT regime has enabled these large-scale investments by allowing investors to make these significant contributions to the exploration, appraisal and detailed engineering phases with the confidence that they would see a return once we produce gas.²⁸

- 1.34 Chevron's Ms Margaret McCourt added:

Under a different style of taxation, it's very unlikely that much of this investment would have occurred.²⁹

- 1.35 Chevron's evidence also demonstrated that the taxation profile of LNG projects changes as projects mature. In its opening statement, Chevron noted that, after more than \$80 billion was invested in Gorgon and Wheatstone with joint venture participants, it had paid more than \$20 billion in corporate taxes and royalties since 2009, with \$16 billion paid since 2022. Chevron also stated it is currently paying PRRT and expects to have paid a combined \$800 million in PRRT by the end of 2027.³⁰

- 1.36 When Senator Dean Smith asked whether doing business in Australia had become more or less attractive, Ms McCourt warned that repeated reviews and renewed speculation about tax changes were creating fiscal instability:

The last one was just two years ago, and yet we are here again having this discussion ... when you are frequently having these conversations there is a sense of fiscal instability that comes with that.³¹

- 1.37 INPEX gave similar evidence. Mr Mike Gardiner told the inquiry that the 2023 PRRT reforms were understood by INPEX as a 'handshake' with government that there would be fiscal stability and that it was 'pens down on the PRRT'.

²⁷ Mr Graham Tiver, Chief Financial Officer and Executive Vice President, Woodside, Opening statement (received 24 April 2026)

²⁸ Mr Kynan Scarr, General Manager, Asset Development, Chevron Australia, *Committee Hansard*, 24 April 2026, p. 36.

²⁹ Ms Margaret McCourt, General Manager, Finance, Chevron Australia, *Committee Hansard*, 24 April 2026, p. 36.

³⁰ Ms Margaret McCourt, General Manager, Finance, Chevron Australia, *Committee Hansard*, 24 April 2026, p. 28.

³¹ Ms Margaret McCourt, General Manager, Finance, Chevron Australia, *Committee Hansard*, 24 April 2026, p. 36.

When Senator Dean Smith asked whether this meant two years, three years or ten years, Mr Gardiner replied:

We had implicitly understood it to be pens down for 10 years. But here we are.³²

1.38 INPEX's opening statement made the point even more starkly. INPEX stated that the PRRT is 'working as designed' and that it will make its first PRRT payment in August 2027, despite not yet recovering its capital investment in Ichthys. INPEX also noted that more than \$76 billion had been invested in Ichthys on the basis of an 'implicit contract' with Australia that long-term investments would be supported by stable and predictable tax settings.³³

1.39 INPEX further explained that changing the rules after such capital has been committed risks damaging Australia's investment reputation:

Changing the rules before project debt is repaid ignores the capital outlay of the investors, where the investment was attracted under one risk profile, with the risk borne entirely by investors, and only now is a larger tax burden being proposed without any commensurate reduction in risk.³⁴

1.40 Santos also warned against retrospective changes. In response to Senator Dean Smith, Ms Tracey Winters said:

We don't support retrospective tax changes at all. Where investments have been made, like our GLNG project and our Darwin LNG project, we expect to be able to rely on the tax settings that were there when those multibillion dollar investments were made.³⁵

1.41 When Senator Smith put to Ms Winters that companies relied on 'good faith negotiations and outcomes', Ms Winters replied: 'That's right.'³⁶

1.42 This evidence confirms that the 2023 PRRT reforms should be given time to operate. The industry entered those reforms in good faith, on the understanding that the revised framework would be allowed to mature over many years. Reopening the PRRT after only a short period would send a damaging signal to investors that negotiated tax outcomes in Australia are temporary, uncertain and vulnerable to political pressure. That would make future projects harder to finance, reduce future supply, and ultimately reduce the very tax revenues the committee claims to seek.

³² Mr Mike Gardiner, Vice-President, Finance, Treasury and Technology, INPEX Australia, *Committee Hansard*, 24 April 2026, p. 56.

³³ Mr Bill Townsend, Senior Vice-President, Corporate, INPEX Australia, *Committee Hansard*, 24 April 2026, p. 46.

³⁴ Mr Bill Townsend, Senior Vice-President, Corporate, INPEX Australia, *Committee Hansard*, 24 April 2026, p. 46.

³⁵ Ms Tracey Winters, Chief Strategy Officer, Santos, *Committee Hansard*, 24 April 2026, p. 74.

³⁶ Ms Tracey Winters, Chief Strategy Officer, Santos, *Committee Hansard*, 24 April 2026, p. 74.

- 1.43 These officials were supported by Resources Minister Madeleine King, quoted in the ABC saying she's 'mystified as to how they get away with such tosh'.³⁷
- 1.44 In addition to these industry comments, foreign trading partners have also expressed significant concern with the government's conduct in relation to Australia's gas market. Japan's Ambassador to Australia, His Excellency Kazuhiro Suzuki, warned the Australian Government in a public rebuke relating to gas sector taxation changes, as reported in the AFR:
- In [the] Japanese business dictionary, there's no word called good surprise. Surprise, in the Japanese business dictionary, it's always bad. If there's a retrospective taxing or something, I think that would be really bad news.³⁸
- 1.45 This concern was echoed by Mr Bran Black of the Business Council of Australia, who told the inquiry of investment conversations with trading partners overseas:
- I had the opportunity earlier this year to travel to Japan and Korea. In the course of doing so, I met with executives—at the most senior levels—from companies that make significant investments in Australia and companies that, in many instances, have investment choices elsewhere. The feedback that I had was that there were concerns with respect to some aspects of Australia's regulatory settings that made Australia a less competitive place to do business than some other jurisdictions.³⁹
- 1.46 As such, the Coalition members of the committee's comments aim to improve awareness of the importance of the sector and increase Australia's uptake of new projects, their speedy regulatory approvals, and uphold the core principles to promote a stronger resources sector for the benefit of all Australians.
- 1.47 This is a time when Australia can and should be optimistic and developing its natural advantage in critical minerals, traditional metals like copper and uranium, coal, oil and gas. Developing these resources are critical for every sort of technology, energy, science and space program for Australia and for our allies and trading partners. It is naive that Australia could introduce a new tax on one sector and that it would not affect investment in those other sectors.

Concerns about disclosure and procedure

- 1.48 Additionally, the Coalition members of the committee note the disappointing process where the idea of 'fair' return was never tested and many witnesses and organisations presented without disclosing their conflicting positions - such as

³⁷ Courtney Gould, ['Federal politics: Claim gas giants get resource for free is 'tosh', Madeleine King says — as it happened'](#), *ABC News*, 24 April 2026.

³⁸ Phillip Coorey and Angela Macdonald-Smith, ['We hate surprises: Japan warns against new gas tax'](#), *The Australian Financial Review*, 25 March 2026.

³⁹ Mr Bran Black, Chief Executive Officer, Business Council of Australia, *Committee Hansard*, 22 April 2026, p. 29.

activism against and/or running campaigns against fossil fuels broadly. This raises a concern the sector is being targeted through taxation.

- 1.49 For example, Dr Ken Henry appeared in front of the inquiry in a personal capacity but has held roles including as the Chair of the Australian Climate and Biodiversity Foundation (ACBF), which stated in its submission to the Senate Standing Committee on Environment and Communications Inquiry into Nature Positive (Environment Protection Australia) Bill 2024 [Provisions] and related bills:

The ACBF has been closely involved in all phases of the reform of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC) since our formation in 2021.⁴⁰

- 1.50 While the ACBF website highlights relating to the *Environment Protection and Biodiversity Conservation Act* that the legislation ensures the:

Removal of fast-track pathways for coal and gas preventing fossil fuel projects from moving through the new streamlines assessment pathway and the bioregional planning pathways.⁴¹

- 1.51 Other issues relating to disclosure concerns include KR Foundation, a Danish organisation with a history of funding anti-fossil fuel projects, campaigners and organisations, which listed a funding grant of DKK\$3.6 million in its 2019 annual report⁴² to the Institute for Energy Economics and Financial Analysis (IEEFA) for 'Leveraging Financial Analysis of the Oil and Gas Industry to Accelerate Strategic Climate Protection Campaigns', who presented to the inquiry. The KR Foundation's 2022 annual report lists IIEEFA's goal as to disrupt fossil fuels uptake - 'Coal - Public and private financial actors adopt policies that lead to a phase-out of coal fired power plants while avoiding gas-fired power plants as replacement.'⁴³
- 1.52 And finally, an ABC article written by Gareth Hutchens, whose partner, former Guardian journalist Amy Remeikis is an employee of The Australia Institute, did not disclose the relationship within the article body which raises the potential for a conflict of interest.⁴⁴

⁴⁰ Australian Climate and Biodiversity Foundation, *Submission 47*, Inquiry into the Nature Positive (Environment Protection Australia) Bill 2024 [Provisions] and related bills, p. 1.

⁴¹ Australian Climate and Biodiversity Foundation, [Strong nature laws: A new framework for prosperity](#).

⁴² KR Foundation, [Annual Report 2019](#).

⁴³ KR Foundation, [Annual Report 2022](#).

⁴⁴ Gareth Hutchens, '[Australian taxpayers also take on risk for major oil and gas projects. Why is that ignored?](#)', *ABC News*, 3 May 2026.

Conclusion

- 1.53 The Coalition members of the committee's proposed recommendation is to be read in conjunction with other evidence presented to the committee.

Recommendation

- 1.54 The Coalition members of the committee recommend that there be no arbitrary taxation such as a windfall levy on gas exports.
- 1.55 This sole recommendation is positioned on the basis that evidence was heard during the inquiry and disregarded, that no clear disclosures were made of conflicts of interest from organisations partaking in fossil fuel activism more broadly, committee response reporting was rushed (including 24 hours to respond to the Chair's draft report) and the inquiry occurred within the middle of a global energy crisis when it is clear that Australia needs more investment in oil and gas production for sovereignty purposes, thereby it is the Coalition members of the committee's view that Australia needs an increased tax take, not an increased tax rate.
- 1.56 There were submissions and inquiry presentations irrelevant to taxation but with the express purpose of making arguments related to climate change and emissions reductions, and there was a distinct failure to reflect on the enormously positive contribution gas projects have on the communities hosting them, and surrounds.
- 1.57 An example of this community support was cited in a submission from the Western Downs Regional Council, which stated the sector's significant contribution to the local economy over time:

Since the commencement of gas production in the Western Downs in 2006, the region has experienced significant economic growth. Our GRP has more than doubled (an increase of 102 [per cent]), and population growth has grown in towns such as Chinchilla Miles, and Dalby. This growth is directly tied to the success of the gas sector, and the continued viability of the industry is crucial for the future prosperity of these communities.⁴⁵

- 1.58 Indeed, the community impact was echoed by the Onslow Chamber of Commerce and Industry in their submission:

Onslow is a remote Pilbara town of approximately 850 people that hosts nationally significant gas infrastructure through the Chevron-operated Wheatstone Project. For more than two decades, Wheatstone has demonstrated how a long-term gas project, underpinned by stable fiscal and regulatory settings, can deliver sustained and transformational outcomes for a regional community. More than \$360 million has been invested directly into Onslow's community infrastructure, essential services, social programs

⁴⁵ Western Downs Regional Council, *Submission 9*, p. 1.

and local economic development; investment that has fundamentally reshaped the town's liveability, resilience and long-term sustainability.⁴⁶

- 1.59 It is clear throughout evidence within submissions and presentations from the sector that Australia is already receiving less investment into oil and gas exploration and expansion, and it is the view of the Coalition members of the committee that now is not the appropriate time to implement nor explore any arbitrary taxation of the gas sector.
- 1.60 It is the view of the Coalition members of the committee that Australia has enormous natural advantages. Our mineral resources are the envy of the world. We should be using them to deliver lower power prices, stronger industry and regions, and real energy and fuel security for families and businesses. Australia's resources industry generates billions in taxes and royalties to fund essential services and sustains regional economies. Under the current government, gas shortages and high prices are threatening jobs and Australian industry, increasing costs and energy bills. The Coalition members of the committee support practical measures to unleash investment in new gas while ensuring Australians have access to reliable and affordable supplies into the future. The solution to this issue is not additional arbitrary taxation but expediting approvals processes and removing duplication while keeping standards high, and limiting delays to a fixed period.
- 1.61 The Coalition members of the committee suggested additional support for exploration would present an opportunity for the next wave of mines and oil and gas projects to underwrite Australia's economic and energy security. Indeed, the Coalition has recently announced if elected that we will reinstate the Junior Minerals Exploration Incentive with \$100 million to unlock the next generation of projects and support greater private investment. Additionally, it is important to note that Labor's EPBC changes are blocking investment and delaying commencement of critical projects, which is hampering the rate at which tax is collected.
- 1.62 Australia should be one of the cheapest and most energy-secure nations in the world. Instead, Australians are paying more for power and fuel and facing growing uncertainty about supply. Labor's net zero agenda is pushing up prices, reducing government revenues, weakening industry and putting fuel security at risk instead of using our world class oil and gas resources.
- 1.63 In summary, it is clear from evidence presented throughout the inquiry that arbitrary taxation changes would come at a significant risk to geopolitical trade in a global energy crisis, be tantamount to double or punitive taxation, risk investment into future projects in Australia thereby affecting future sovereignty,

⁴⁶ Onslow Chamber of Commerce and Industry, *Submission 10*, p. 1.

and ignore the community and jobs benefit the sector is currently bringing to the nation.

Senator Susan McDonald
LNP Senator for Queensland

Senator Dean Smith
Liberal Senator for Western Australia

Additional Comments from Senator David Pocock

'[J]ust do it and stop the crap that the Australian public have been putting up with, for decades now' – Dr Ken Henry

Introduction

- 1.1 This Committee was set up to examine one of the most consequential public policy failures in our recent history: the systematic under-taxation of Australia's gas exports. In three days of hearings and from more than 200 submissions, the Committee received evidence that the case for reform has never been clearer. The conflict in the Middle East has triggered the second major energy price shock in five years. Australian gas exporters are again looking at huge windfall profits from a global crisis. Australian households and businesses are likely soon to be forced to again pay more for gas, electricity, and almost everything else, while being duded on the sale of a finite resource that belongs to us.
- 1.2 The core recommendation of this report is that the Parliament introduce a 25 per cent tax on gas export revenue. The evidence presented to the Committee in support of reform was substantial. The arguments against it, advanced almost exclusively by the gas industry and its representatives, do not survive scrutiny.
- 1.3 As Dr Ken Henry, former Secretary of the Treasury and the head of the 2010 review of Australia's tax system, put it in his submission to this committee:

'The energy resources generating windfall gains belong to the people of Australia, yet the people of Australia are big losers, forced to pay higher energy prices. The sole beneficiaries of higher energy prices are shareholders in multinational energy companies'.¹
- 1.4 Australia is one of the three largest exporters of liquefied natural gas (LNG) in the world.² The Petroleum Resource Rent Tax (PRRT) was originally designed to return roughly 8 per cent of export revenue to Australians. For most of the past decade it has returned less than 2 per cent.³ Qatar, which exports a similar volume of LNG to Australia, collects roughly five times as much Government revenue.⁴ These outcomes are the product of policy choices, not of geology or geography. Successive Australian Governments have chosen to sell huge quantities of gas without royalty, and without an effective taxation system as a substitute.

¹ Dr Ken Henry, *Submission 8*, p. 1.

² Geoscience Australia, [Australia's Energy Commodity Resources 2025, Production and trade](#).

³ Future Group, *Submission 71*, p. 3, referencing Arthur D. Little (ADL) analysis prepared for Future Group, April 2026.

⁴ Australian Conservation Foundation, *Submission 43*, p. 6; The Australia Institute, [Government revenue from LNG exports: Australia vs Qatar](#), 1 May 2025.

A failure to capture a fair return on the export of Australian gas

- 1.5 Australia is one of the world's largest LNG exporters, but Australians do not receive a fair share on the incredibly lucrative sale and export of a valuable resource. The Superpower Institute provided the committee with a comparative analysis covering more than a dozen fossil-fuel-producing countries. On a cash-flow basis, Australia's average return of around 18 per cent of gas-sector profits sits well below a global norm of between 75 and 90 per cent, a category that includes the United Kingdom, Nigeria, Qatar, Norway, Mexico, Kuwait and Saudi Arabia.⁵
- 1.6 Norway, as a stable western democracy, is perhaps the most striking comparison. The Norges Bank Investment Management Fund is worth around 20,784,305,269,137 Norwegian Krone, or more than \$3 trillion Australian dollars.⁶ Norway taxes gas extraction at a rate of 78 per cent, from a combination of the company tax rate liabilities (at 22 per cent) and the petroleum extraction tax (at 56 per cent).⁷
- 1.7 In Australia, by contrast, gas companies are banking huge profits and paying very little tax. For example, Market Forces analysed the disclosures of Santos, one of the largest Australian-headquartered LNG companies, and found that over the decade to 2025 Santos paid just \$33 million in Australian income tax on more than \$41 billion in sales revenue. Including royalties, Santos has returned just 3.1 per cent of its Australian sales revenue to Australians over the past ten years.⁸
- 1.8 Santos is not exceptional. INPEX, which exports more gas each year than is consumed in New South Wales, Victoria and South Australia combined, paid no royalties, no PRRT, and just \$484 million in company tax on \$81.3 billion of income over the same period. ConocoPhillips paid zero company tax and zero PRRT on \$17 billion in sales over the past decade.⁹ The Australia Institute estimates that 56 per cent of the LNG exported from Australia is royalty-free, the result of decisions made decades ago to forgo royalties on gas extracted from Commonwealth waters in favour of the PRRT.¹⁰

⁵ The Superpower Institute, *Submission 29*, Figure 1, p. 2; Mr Baethan Mullen, Chief Executive Officer, The Superpower Institute, *Committee Hansard*, 21 April 2026, p. 24.

⁶ Norges Bank Investment Management, [About the fund](#).

⁷ Australian Conservation Foundation, *Submission 43*, p. 6.

⁸ Market Forces, *Submission 5*, pp. 2-3; Santos, Tax Contribution Disclosures 2016-2024; Santos, [2025 Sustainability Data Book](#).

⁹ The Australia Institute, *Submission 21*, p. 11.

¹⁰ The Australia Institute, *Submission 21*, p. 4; The Australia Institute, [Australia's great gas giveaway](#), July 2024.

- 1.9 The consequences for Australian gas consumers are also stark. Asked about the trajectory of domestic gas prices since east coast gas was linked to the export market, the Department of Industry, Science and Resources acknowledged that domestic prices had risen in the order of 200 to 300 per cent over that period, an increase well above inflation and far outpacing equivalent movements on the west coast, where gas reservation has been in place for decades.¹¹

Gas industry tax claims are inflated

- 1.10 The gas industry pays some corporate tax, as any business operating in Australia would. The relevant question is not whether it pays tax, but whether the figures it cites in defence of the current arrangements can be verified, and whether the total contribution it makes is commensurate with the value of the resource it extracts.
- 1.11 On the first question, the figures put to the committee by Australian Energy Producers (AEP), the industry's peak lobby group, do not withstand scrutiny. AEP's submission claims the industry 'paid a record \$21.9 billion in taxes and royalties in 2024-25', citing its own 'Financial Survey 2025'.¹² The cited source links not to any survey findings or methodology, but to a separate AEP media release.
- 1.12 Analysis prepared by the Parliamentary Library, drawing on most recently available Australian Taxation Office data, federal budget papers and reported state royalties, indicates that the gas industry paid \$15.165 billion in tax, excise and royalties in 2023-24. In the media release linked to in the AEP submission, the industry claims to have paid \$21.5 billion in the 2023-24 financial year. The discrepancy of approximately \$6 billion between AEP's claim and the Parliamentary Library's reconciliation of publicly available data is grounds for real concern. The figures the industry has put before the Parliament lack transparency, lack proper sourcing, and appear to be inflated.

¹¹ Ms Crystal Ossolinski, General Manager, Department of Industry, Science and Resources, *Committee Hansard*, 22 April 2026, p. 69.

¹² Australian Energy Producers, *Submission 69*, p. 1.

Tax, excise and royalty revenue from oil and gas (\$ million)

	2022-23	2023-24	2024-25
Company tax (oil and gas) (a) (b)	12,051	10,400	N/A
Petroleum Resource Rent Tax (c)	1,725	1,276	1,483
Crude oil and condensate excise (d)	597	397	N/A
Commonwealth royalties	2,079	1,057	933
State royalties (e) (f)			
<i>New South Wales (g)</i>	167	194	250
<i>Victoria (h)</i>	7	7	27
<i>Queensland</i>	2,350	1,705	1,689
<i>Western Australia</i>	16	22	26
<i>South Australia</i>	92	107	N/A
Total state royalties	2,632	2,035	1,992
Total tax, excise and royalty revenue (i)	19,084	15,165	

Notes:

(a) Company tax for the 'oil and gas extraction' industry not yet available for 2024-25. The 'exploration' industry is not included.

(b) 2023-24 data is from a separate source and only includes companies that report in the ATO's Corporate Tax Transparency report - it thus will represent a subset of total company tax paid.

(c) Some years also contain MRRT revenue. The MRRT was repealed in Jan 2014, however some liabilities from previous years are captured in PRRT data.

(d) Data for 2024-25 is not available.

(e) Tasmania and the ACT do not produce oil and gas.

(f) The Northern Territory only collects petroleum revenue from one company and does not publish these figures. Revenue collected is relatively small, for example, \$2.6 million in 2022-23

(g) Royalty data for petroleum and non-coal minerals. As this contains additional minerals, it will represent an upper bound estimate for petroleum royalties

(h) Net petroleum royalties payable, including Commonwealth royalties, so these figures will double count Commonwealth royalties.

(i) total for 2024-25 is not calculated due to missing company tax data

Sources: **Company tax** Taxation statistics 2022-23 Companies, [Table 5. Company tax transparency](#) report. **PRRT** PBO Historical fiscal data, [Table 5. Crude oil excise](#) Taxation statistics 2022-23 Excise and fuel schemes, [Table 1. Commonwealth royalties](#) [Budget Archive](#) various years, Note 6 Final Budget Outcome. **State royalties** [NSW](#), [Victoria](#), [QLD](#) (Table 3.4 Budget Paper No 2)(additional [QLD source](#)), [WA](#) (Table 3, Budget Paper No 3, various years), [SA](#).

- 1.13 More concerning is that the Prime Minister and elements within the media have been recycling unverified claims from an industry with a clear vested interest. Independent verification before accepting the talking points of an industry that has previously been labelled as a systemic non-payer of tax by the ATO should be the bare minimum for politicians and journalists.¹³
- 1.14 As the examples set out above demonstrate, the gas industry excels at minimising tax. The most pressing issue, however, as the next section makes clear, is the failure of the Petroleum Resource Rent Tax to deliver Australians a fair return on the sale of their gas.

¹³ Tom McIlroy, 'Oil, gas 'systemic non-payers' of tax', *The Australian Financial Review*, 11 December 2019.

1.15 As Dr Ken Henry pointed out:

'Imagine if I were to come to you, sit down with you, look at your personal or household balance sheet and put this proposition to you: I'll sell your house and I'll give you 30 per cent and I'll keep the other 70 per cent, and you should be happy with that because I've just converted an asset into cash. None of you would be stupid enough to do that, yet that is what the Australian Government and the Australian parliament does with respect to our gas reserves'.¹⁴

The PRRT is broken, and the 2023 reforms did not fix it

1.16 The 2023 changes to the PRRT, which introduced a 90 per cent deductions cap on assessable receipts, were the option the gas industry itself supported, and the industry was quick to congratulate the Government on their passage.¹⁵ Since their introduction, projected PRRT revenue has been revised down rather than up.

1.17 The Australian Taxation Office confirmed to the committee that, as at 2023-24, total carry-forward expenditure across all PRRT-liable entities stood at \$282 629 billion. As Dr Mark Zirnsak, Spokesperson for Tax Justice Network Australia, noted, the 90 per cent cap introduced in 2023 does not eliminate this stock of credits, it merely spreads their use over a longer period.¹⁶

1.18 The Institute for Energy Economics and Financial Analysis (IEEFA) submission describes the deeper architectural problem that remains despite the 2023 reforms. The PRRT is profit-based and self-reported. Companies carry losses forward, transfer costs across projects, and rely on transfer pricing arrangements that are vulnerable to minimisation. Construction risk, which should sit with project proponents, is in practice transferred to the Australian public, because cost blow-outs and delays simply increase the deductions available to offset future revenue.¹⁷

1.19 The Superpower Institute identified the same structural flaw, noting that the PRRT was originally designed for offshore oil rather than LNG. Mr Baethan Mullen, the Institute's Chief Executive Officer, told the committee that the upfront capital costs characteristic of LNG projects, carried forward and uplifted

¹⁴ Dr Ken Henry, Personal capacity, *Committee Hansard*, 21 April 2026, p. 55.

¹⁵ Australian Energy Producers, [APPEA statement on changes to the Petroleum Resource Rent Tax \(PRRT\)](#), *Media Release*, 5 May 2023.

¹⁶ Dr Mark Zirnsak, Spokesperson for Tax Justice Network Australia, *Committee Hansard*, 22 April 2026, p. 52.

¹⁷ IEEFA, *Submission 19*, pp. 3-7.

at the bond rate plus a premium, create 'an effective shield on the amount of tax paid under the PRRT'.¹⁸

- 1.20 As a result of these structural failings, the PRRT is not delivering revenue. Analysis by EEFA shows that PRRT payments per gigajoule of gas extraction have ranged from approximately 21 cents to 41 cents over the period from 2018-19 to 2023-24. Royalties on gas extracted in Queensland over the same period ranged from 19 cents to \$1.57 per gigajoule. In absolute terms, Queensland's state royalty revenue exceeded total Commonwealth PRRT revenue in both 2022-23 and 2023-24, despite gas production from Commonwealth waters being nearly three times larger than Queensland's production over the same period.¹⁹
- 1.21 That comparison should give the Parliament pause. A state Government, applying a relatively modest royalty regime, has been collecting more revenue from a thrice-smaller volume of gas than the Commonwealth has collected from the bulk of the country's LNG production.
- 1.22 As is now well known, Australians pay more tax through the beer excise than multinational gas companies pay in PRRT. But the scale of the problem was confirmed in evidence from the Australian Taxation Office. In the 2023-24 financial year, total assessable receipts across all PRRT-liable projects were \$46.18 billion. Total PRRT collected was \$1.5 billion.²⁰
- 1.23 Decommissioning is the next serious structural problem. The PRRT permits future closing-down expenditure to be claimed on an uncapped basis when calculating PRRT liability.²¹ Independent analysis prepared for the offshore industry projects that decommissioning costs for Australia's offshore oil and gas industry will reach \$66.8 billion by 2063, not counting assets installed after July 2024.²² Under current settings, the gas industry's clean-up bill will become the Australian taxpayer's problem. Every dollar a company spends decommissioning a depleted field reduces its PRRT liability.
- 1.24 The Government may be tempted to revisit the options canvassed in Treasury's 2023 Review of Gas Transfer Pricing Arrangements, including the adoption of a netback-only approach to determining the gas transfer price. The Australian Conservation Foundation cautioned the committee directly against pursuing

¹⁸ Mr Baethan Mullen, Chief Executive Officer of Superpower Institute, *Committee Hansard*, 21 April 2026, p. 21.

¹⁹ Institute for Energy Economics and Financial Analysis (IEEFA), *Submission 19*, p. 3.

²⁰ Ms Suzie Emery, Assistant Commissioner, Public Groups Engagement, Australian Tax Office, *Committee Hansard*, 22 April 2026, p. 63.

²¹ Australian Conservation Foundation, *Submission 43*, p. 5; *Petroleum Resource Rent Tax Assessment Act 1987* (Cth), s. 2D, 27 and 39.

²² Xodus, Australian Offshore Oil & Gas Decommissioning Liability Estimate 2025, April 2025, cited in Australian Conservation Foundation, *Submission 43*, p. 5.

that path, arguing that such measures 'would strengthen the PRRT but are insufficient to capture a fair price for exported gas'.²³ Transfer pricing is one of the principal mechanisms gas companies use to minimise their PRRT and corporate tax liabilities. Tightening the rules around it is necessary, but it is not sufficient.

- 1.25 The PRRT was designed for a different industry, in a different era, with different assumptions about who would pay and what they would pay it on. It cannot be saved. Continuing to tinker with its rate, its deductions, or its uplift factors will produce another decade of legalised avoidance. A clean break is required. Dr Henry's assessment of the PRRT was unequivocal. Asked whether further reform was preferable to replacement, he answered: 'Honestly, I'd tear it up and start again'.²⁴
- 1.26 The Centre for Policy Development put the same point to the committee in different terms. Asked why simplicity in design is so critical, Mr Miles Prosser, Energy Transition Lead, told the committee that the complexity required to design a tax for 'economic purity' creates 'internal rules and accounting treatment that enable that tax to be minimised over time'.²⁵
- 1.27 But the PRRT is not the only tax that requires reform. The North West Shelf operates under a legacy royalty regime that the Australian National Audit Office found in 2016 contained 'significant shortcomings in the framework for calculating' royalties payable, with opaque administration and limited public visibility.²⁶ A decade later, the calculation and assurance framework remains opaque. The community has no way of knowing whether the royalties it is owed are being collected.

A fair return: The case for a 25 per cent gas export tax

- 1.28 Modelling commissioned by Future Group from consultants Arthur D. Little estimates that a 25 per cent tax applied to all LNG export revenue would generate as much as \$17 billion per year at current forward prices, with a 10-year cumulative total of approximately \$80 to \$120 billion.²⁷ That estimate is consistent with separate analysis by the Australia Institute, which has put the annual revenue figure at \$17 billion.²⁸ Foregone revenue from the Albanese

²³ Australian Conservation Foundation, *Submission 43*, p. 6.

²⁴ Dr Ken Henry, Personal Capacity, *Committee Hansard*, 21 April 2026, p. 61.

²⁵ Mr Miles Prosser, Energy Transition Lead, Centre for Policy Development, *Committee Hansard*, 21 April 2026, p. 29.

²⁶ Australian National Audit Office, *Collection of North West Shelf Royalty Revenue*, Auditor-General Report No. 28 of 2016-17, November 2016.

²⁷ Future Group, *Submission 71*, p. 7, drawing on Arthur D. Little analysis.

²⁸ The Australia Institute, *Submission 21*, p. 5.

Government's decision not to act in July 2022 has been estimated at \$70 billion to date.²⁹

- 1.29 What that revenue could fund is a matter of political choice. The Climate Council's submission notes that \$17 billion per year would be enough to pay for 1.3 million household solar and battery installations annually, or to replace every heavy bus in Victoria, or to fund more than half a million new electric vehicles each year.³⁰ Other submitters identified bringing dental into Medicare, expanding renewable energy generation, repairing the federal budget, and investment in housing and care services as plausible uses. I believe that at least some of the additional revenue should be invested in a sovereign wealth fund for the benefit of young Australians and future generations. The choice between these options is not the difficult part. The difficult part is that under current arrangements the choice does not exist, because the revenue does not exist.
- 1.30 The Centre for Policy Development emphasised three design principles for any export levy: it should be simple, applied to the value of exports rather than profits, and not vulnerable to minimisation through accounting treatment. Their submission stated directly: 'Previous attempts (e.g., PRRT changes) have not raised as much revenue as expected because the complexity allowed minimisation - including through carry forward of capital expenditure and transfer pricing'.³¹
- 1.31 Ms Christina Hobbs, the Future Group's General Manager, Policy, told the committee that a 25 per cent export tax was preferred not on grounds of conceptual purity but on grounds of deliverability: 'It's easy to implement and difficult to game'.³²
- 1.32 Another benefit of an export revenue tax is that it would reduce the cost of gas and as a result electricity for Australian businesses and households. Dr Richard Denniss, Co-Chief Executive Officer of the Australia Institute, gave evidence that exporters seeking to avoid the tax would compete to sell into the Australian domestic market: 'The wholesale price of gas will fall by 24.99 per cent because all of the gas companies will be competing to sell a molecule to anyone they can,

²⁹ The Australia Institute, [Australia's Gas Giveaway](#).

³⁰ Climate Council of Australia, *Submission 27*, p. 4.

³¹ Centre for Policy Development, *Submission 49*, p. 3.

³² Ms Christina Hobbs, Future Group General Manager, Policy, *Committee Hansard*, 21 April 2026, p.50.

tax free.³³ In his summary to the committee, Dr Denniss put it more bluntly still: 'Economics never got better for parliament than an export tax'.³⁴

- 1.33 The case for a 25 per cent gas export tax has never been stronger. It is clear that the PRRT is broken, designed for a bygone era, and that tinkers and tweaks will not deliver the return that Australians deserve. It will not increase the price of gas for Australian consumers, in fact will do the reverse. In an era marked by rising intergenerational inequity across all sectors of Australian society.

The industry's scare campaign should be rejected

- 1.34 The gas industry has responded to the prospect of reform in the way it always responds, with hyperbolic warnings of catastrophe: investment will dry up, trade relationships will be ruptured, sovereign risk will be elevated. None of these claims withstand scrutiny.
- 1.35 Chevron's General Manager Finance revealed that the real concern behind the industry's submission was reduced profit: 'Yes, changes to tax settings would reduce our profits.'³⁵ The arguments about investment, sovereign risk and trade relationships that follow are all in service of that single interest.

The gas industry is spending heavily to protect its profits

- 1.36 Mr Greg Bourne, a Climate Council Councillor and former Regional President of BP Australasia, told the committee that the industry responds to threats of reform by 'fight[ing] like a rat in a corner because it's an existential crisis for them'.³⁶
- 1.37 Shell's Executive Vice President and Country Chair, Ms Cecile Wake, confirmed that Shell had contributed approximately \$1 million to AEP's current advertising campaign against the gas export revenue tax proposal, and that a further six or seven major producers had contributed at a similar level.³⁷ Ms Wake undertook to provide further detail on notice, but failed to do so satisfactorily. Worse, ConocoPhillips, Origin Energy, Woodside and Chevron responded to the same question on notice with a refusal to provide details of

³³ Dr Richard Denniss, Co-Chief Executive Officer, Australia Institute, *Committee Hansard*, 21 April 2026, p. 8.

³⁴ Dr Richard Denniss, Co-Chief Executive Officer, Australia Institute, *Committee Hansard*, 21 April 2026, p. 8.

³⁵ Ms Margaret McCourt, General Manager, Finance, Chevron Australia Pty Ltd, *Committee Hansard*, 24 April 2026, p. 34.

³⁶ Mr Greg Bourne, Councillor Climate Council, *Committee Hansard*, 21 April 2026, p. 34.

³⁷ Ms Cecile Wake, Shell Executive Vice President and Country Chair, *Committee Hansard*, 22 April 2026, pp. 21-22.

their contributions, many claiming 'commercial-in-confidence' and redirecting questions to AEP.³⁸

- 1.38 The response on notice from AEP was equally dismissive of the committee, and by extension, the Senate. No details were provided of the funding quantum for the campaign, with AEP brushing off the question and saying '[AEP] does not disclose commercial-in-confidence information regarding operational expenditure'.
- 1.39 From the evidence that was provided to the committee, we can infer that between \$7 and \$8 million has been contributed by large producers to a campaign designed only to maximise profits of the gas industry. We can infer that including smaller members of AEP, the cost of the campaign is likely to be more than \$10 million. That is astounding.

Gas projects will remain profitable and investment will continue

- 1.40 The most rigorous independent modelling presented to the committee was prepared by Arthur D. Little for Future Group. It found that a 25 per cent broad-based levy reduces the internal rate of return on existing legacy LNG projects from approximately 15 per cent to 13.35 per cent.³⁹ That is comfortably above the industry's own stated commercial threshold of 12 per cent put forward by Wood Mackenzie.⁴⁰ Existing projects remain comfortably profitable. Claims that the levy would push effective tax burdens to 90 per cent or more relate to marginal greenfield and brownfield projects that already fail to meet the industry's own hurdle rates before any policy change is contemplated. These projects are unviable in the first place; their failure to proceed reflects structural pressures in global gas markets, not any prospective Australian tax.
- 1.41 The robustness of the industry's modelling was tested directly by the committee. The Business Council of Australia's (BCA) submission relied on analysis by Wood Mackenzie to argue that the current PRRT regime already captures 53 to 58 per cent of offshore project profits. The Wood Mackenzie modelling used by many of the industry witnesses excludes spot-market sales, which represent approximately 25 per cent of Australian LNG exports and the primary driver of windfall profits during price spikes, and assumed a sustained oil price of \$120 per barrel, a level reached on less than one per cent of days in the past decade.
- 1.42 Ms Hobbs's evidence was that returns on existing projects 'would likely diminish by between 1½ and two per cent', with any further impact

³⁸ Responses to Questions on Notice from Senator David Pocock.

³⁹ Future Group, *Submission 71*, p. 8.

⁴⁰ Australian Energy Producers, *Submission 69*, p. 1.

concentrated on a small number of marginal projects that 'wouldn't get off the ground anyway'.⁴¹

Getting a fair return does not imperil trade relationships or risk Australia's liquid fuel security

- 1.43 A tax applied to export revenue does not restrict export volumes, cancel contracts, or affect the price set on international LNG markets. Approximately 24.2 per cent of Australian LNG exports are sold on the spot market, where exporters are by definition price-takers and cannot pass through a domestic tax.⁴² Buyers in Japan, South Korea and elsewhere will continue to receive the gas they have contracted for. Future Group's modelling further notes that global supply available to Asian LNG buyers from non-Australian sources already exceeds the entirety of Australia's LNG exports, meaning Australian exporters have no realistic capacity to pass a domestic tax through to international customers as buyers will simply go elsewhere.⁴³ The claim that a 25 per cent tax would damage trade relationships is therefore not supported by the evidence.
- 1.44 On sovereign risk, Dr Henry was emphatic. He told the committee, 'If the sovereign risk is, rather, that the Australian Parliament might from time to time, and quite unexpectedly, make laws that are in the national interest, then this is obviously a risk premium worth paying. Avoiding reforms that are in the national interest merely in the hope of securing a lower risk premium on foreign sourced capital makes no sense'.⁴⁴
- 1.45 Dr Henry returned to this point in his oral evidence: 'the Australian public are getting increasingly fed up with hearing those things... I think the Australian public can see through this stuff'.⁴⁵ On the related claim that an export tax would damage Australia's trading relationships, Dr Henry's assessment was that the impact 'would be negligible', and that, even if a particular trading partner were to take offence, we could 'write them a cheque. This stuff—I mean, honestly. We're going to design our taxation system on the basis of the possibility that we're going to upset somebody outside of Australia? For heaven's sake. There is more than one means of a Government dealing with foreign relations'.⁴⁶
- 1.46 Asked whether a gas export revenue tax would fall on producers or be passed through to Australia's LNG customers in Asia, Treasury noted that the majority

⁴¹ Ms Christina Hobbs, Future Group General Manager, Policy, *Committee Hansard*, 21 April 2026, p. 49-50.

⁴² Future Group, *Submission 71*, pp. 10, drawing on ADL analysis.

⁴³ Future Group, *Submission 71*, pp. 9-10.

⁴⁴ Dr Ken Henry, *Submission 8*, p. 4.

⁴⁵ Dr Ken Henry, Personal Capacity, *Committee Hansard*, 21 April 2026, p. 62.

⁴⁶ Dr Ken Henry, Personal Capacity, *Committee Hansard*, 21 April 2026, pp. 56-57.

of exports are sold either under long-term fixed-price contracts or at global spot prices, both of which would make it difficult for producers to pass a domestic tax through to customers. The economic burden of any such change, Treasury told the committee, 'would be more likely to fall on the producers'.⁴⁷

- 1.47 The industry's own witnesses confirmed this. Chevron's General Manager for Asset Development, Mr Kynan Scarr, acknowledged to the committee that his company produced 'into a global market where global supply and demand patterns dictate the price', and that Chevron was, in his own words, 'effectively price takers'.⁴⁸ INPEX's Vice President Finance, Mr Mike Gardiner, was more direct still. Asked whether a gas export revenue tax would change the price paid by customers in Asia, he told the committee: 'I wouldn't anticipate that it would impact the global hydrocarbon prices, no.' His conclusion followed directly: a 25 per cent tax 'will immediately flow to the profit before tax of the producer'.⁴⁹
- 1.48 The gas industry is engaged in a well-resourced scare campaign, which should be ignored.

The window to act is closing

- 1.49 Australia gets to sell its gas only once. Each cargo that leaves untaxed represents revenue we will never recover and every week without a 25 per cent tax on gas export revenue costs Australians around \$350 million.⁵⁰ The assumption that the gas will keep flowing on present terms forever, and that we therefore have time to delay reform, is false.
- 1.50 The International Energy Agency's mainstream scenarios all project that Asia-Pacific LNG demand will plateau or peak before 2035.⁵¹ Market Forces presented the committee with detailed evidence of demand destruction in the markets Australian exporters have for years described as their growth markets. Pakistan has pivoted decisively from imported LNG to domestic solar and batteries, cancelling 21 LNG cargoes from Italian company Eni and 24 from Qatar for 2026 alone. Vietnam has cancelled 3.6 times more LNG import capacity than it has constructed, and 6.6 times more LNG-to-power capacity than is currently

⁴⁷ Mr Marty Robinson, First Assistant Secretary, Corporate and International Tax Division, Department of the Treasury, *Committee Hansard*, 22 April 2026, p. 63.

⁴⁸ Mr Kynan Scarr, Chevron General Manager for Asset Development, *Committee Hansard*, 24 April 2026, p. 31.

⁴⁹ Mr Mike Gardiner, INPEX Vice President Finance, *Committee Hansard*, 24 April 2026, p. 47.

⁵⁰ The Australia Institute, [Australia's Gas Giveaway](#).

⁵¹ International Energy Agency, *World Energy Outlook 2024*, cited in Future Group, *Submission 71*, p. 5.

operating or under construction. Pakistan's Petroleum Minister has stated publicly that the shift away from LNG is 'not a temporary blip'.⁵²

- 1.51 The Australian Government's own Net Zero Plan, modelled by Treasury, expects a 27 per cent reduction in gas and LNG production by 2035, and a 67 per cent reduction by 2050.⁵³ The Centre for Policy Development put the matter directly: continuing exports at current levels is incompatible with the achievement of global climate targets, and 'a reduction in fossil fuel exports is inevitable'.⁵⁴
- 1.52 If the government fails to capture a fair share now, while the resource still has commercial value, it never will. Some part of any revenue raised should be invested in a sovereign wealth fund for the benefit of future generations, the same straightforward step Norway took, and one that becomes more urgent, not less, as the window narrows.

Why reform keeps failing: the political economy of gas

- 1.53 It is worth asking, plainly, why a reform that is supported by independent economists, by the former Treasury Secretary, by major investors, by social services peak bodies, by environmental and climate organisations, by trade unions, and by a majority of the Australian public,⁵⁵ has nevertheless been ruled out in the coming federal budget. As outlined above, the gas industry has invested heavily in a scare campaign. But there are also structural issues in our democracy that empower vested interests and make reform difficult.
- 1.54 The committee's work cannot be separated from the political environment in which gas reform takes place. That environment is shaped by the structural advantages enjoyed by the gas industry in its relentless and effective lobbying of the Government.
- 1.55 Australia's federal lobbying laws are inadequate, ineffective, and no longer fit for purpose. The current federal lobbying framework allows vast swathes of influence to operate in the shadows, undermining transparency, accountability, and public trust. The definition of 'lobbyist' under the Commonwealth regime is so narrow that it excludes in-house corporate lobbyists, industry associations, and many of the most powerful actors seeking to shape public policy. The result is a system where, as has been widely acknowledged, approximately 80 per cent of lobbying activity occurs outside any formal transparency framework. This

⁵² Market Forces, *Submission 5*, pp. 3-6.

⁵³ Australian Government, Net Zero Plan, Treasury, 2025, cited in Climate Council of Australia, *Submission 27*, p. 3.

⁵⁴ Centre for Policy Development, *Submission 49*, p. 5.

⁵⁵ Josh Butler, '[Guardian Essential poll: Australians want higher tax on gas exports and extension of petrol excise cut](#)', *The Guardian*, 30 April 2026.

means that gas corporations can engage directly with ministers, parliamentarians and senior officials without disclosure, without scrutiny, and without accountability. In the context of climate and energy policy, where disinformation is often driven by vested interests, this lack of transparency creates a permissive environment for misleading narratives to influence decision-making.

- 1.56 Transparency around lobbying and influence is foundational to addressing misinformation and restoring trust in democratic institutions. Without visibility over who is shaping policy, and on whose behalf, efforts to combat the oversized influence of the gas industry will continue to fail. Our lobbying system is deliberately narrow, structurally opaque, and incapable of delivering the transparency that the public expects. In short, it is a system in urgent need of a complete overhaul.
- 1.57 The sponsored pass system in Parliament House permits unaccredited representatives of vested interests to enter the building, attend events, and meet with parliamentarians and their staff, with no requirement that the names of pass holders, the organisations they represent, or the parliamentarians who sponsor them be made public. Major political parties continue to receive what are functionally corporate donations through the membership fees of bodies such as the Labor Business Forum and the Australian Business Network, a structure that exists precisely to evade the disclosure obligations that apply to direct political donations.
- 1.58 These arrangements are not gas-specific, but Australians are entitled to know who is lobbying their elected representatives and on whose behalf, and to know who is funding them. Until those structures are reformed, the prospects of meaningful reform to gas taxation will continue to be undermined by the same forces that have undermined them for the past fifteen years.
- 1.59 Under questioning, representatives of Shell, Origin Energy, AEP, Woodside, Santos, and ConocoPhillips Australia each confirmed that they, or colleagues within their organisations, held sponsored passes to Parliament House while declining to disclose which parliamentarian had issued the pass.
- 1.60 Mr Bourne, drawing again on his experience as a former Regional President of BP Australasia, offered the committee a first-person account of the industry's behaviour during the last major review of the PRRT, around the turn of the century: 'the industry worked like mad to try and make sure that PRRT was going to be as useless as possible to the Government and most beneficial to them'.⁵⁶ The committee can be in no doubt that the same campaign is underway today.

⁵⁶ Mr Greg Bourne, Councillor, Climate Council, *Committee Hansard*, 21 April 2026, p. 36.

Conclusion

- 1.61 As Dr Ken Henry told the committee: 'I think that this committee can play a very useful role in putting some steel in the spine and in the legs of those who will have to take this rather important decision in the national interest'.⁵⁷ It is disappointing that the majority report does not outline the evidence in more depth, including a recognition that there is huge public support for a fair return on the export of Australian gas.
- 1.62 The evidence presented to this committee makes a compelling case for substantial reform of the taxation of Australian gas resources. The Petroleum Resource Rent Tax has failed. The 2023 reforms have failed. The community is being short-changed at a scale that, if attempted by an individual taxpayer, would attract the full attention of the Australian Taxation Office and the Australian Federal Police.
- 1.63 Australians deserve a fair return on the sale of their resources. They deserve a tax system that does not allow some of the most profitable companies on earth to pay less in royalties and income tax than the cost of running a single suburban high school. They deserve a Parliament willing to make decisions in the national interest, especially when those decisions are opposed by powerful interests.
- 1.64 The recommendations below are advanced in that spirit.

Recommendations

Recommendation 1

- 1.65 That the Australian Government introduce a 25 per cent tax on the value of gas exports in the upcoming budget. The tax should be simple, permanent, based on export revenue rather than profit, and should not contain a sunset clause.**

Recommendation 2

- 1.66 That the Australian Government substantially tighten deduction rules, including the introduction of a cap on decommissioning cost deductions, which are currently uncapped and represent a significant and growing risk to future Commonwealth revenue.**

Recommendation 3

- 1.67 That the Australian Government establish an east coast domestic gas reservation mechanism alongside the gas export revenue tax, to place downward pressure on domestic gas and electricity prices and improve the competitiveness of Australian commercial and industrial users.**

⁵⁷ Dr Ken Henry, Personal capacity, *Committee Hansard*, 21 April 2026, p. 58.

Recommendation 4

1.68 That the Australian Government strengthen transparency and public reporting requirements for the taxation of Australian gas exports, including independent verification of company-reported figures and the publication of project-level royalty and tax outcomes for legacy regimes such as that applying to the North West Shelf.

Recommendation 5

1.69 That the Presiding Officers of the Australian Parliament reform the sponsored pass system to require public disclosure of the names of pass holders, the organisations they represent, and the parliamentarian who sponsors them.

Recommendation 6

1.70 That the Australian Government urgently legislate a comprehensive overhaul of the federal lobbying regime to ensure full transparency of influence over public policy, including by:

- Replacing the Lobbying Code of Conduct with a legislative regime that provides transparency, integrity, and equality
- Expanding the definition of 'lobbyist' to capture all individuals and entities engaged in influencing public policy, including in-house corporate lobbyists, industry associations, peak bodies, and consultants;
- Establishing a single, comprehensive, and publicly accessible register of all lobbying activity, including the identity of lobbyists, their clients or employers, and the policy issues on which they are lobbying;
- Requiring timely disclosure of all lobbying interactions with ministers and senior public officials, including the subject matter and purpose of those interactions;
- Mandating regular, standardised reporting of lobbying activities, including expenditure, campaigns, and advocacy efforts related to public policy;
- Broadening mandatory cooling-off periods to include senior advisors and officials; broadening the scope of cooling-off periods to include lobbying on any subject matter or advising or consulting on lobbying;
- Extending cooling-off periods to align with the duration of a standard parliamentary term; and
- Establishing an independent statutory authority to regulate lobbying at a federal level with powers to monitor, investigate and enforce lobbying laws, including the ability to audit disclosures and impose sanctions.

Acknowledgements

1.71 I would like to thank the committee secretariat for all of the work put into this inquiry, and to all of the submitters and those who gave evidence to the committee. A large number of Australians made constructive submissions in the short time available. Your expertise and experience is gratefully received.

Senator David Pocock

Independent Senator for the Australian Capital Territory

Appendix 1

Submissions and additional information

- 1 Karratha & Districts Chamber of Commerce & Industry (KDCCI)
- 2 Lock the Gate Alliance
- 3 Tasmanian Climate Collective
- 4 Conservation Council of WA
- 5 Market Forces
- 6 Punters Politics
- 7 Climate Action Network Australia
- 8 Dr Ken Henry
- 9 Western Downs Regional Council
- 10 Onslow Chamber of Commerce & Industry
- 11 Shire of Ashburton
- 12 Bushfire Survivors for Climate Action
- 13 Tax Justice Network - Australia and the Centre for International Corporate Tax Accountability & Research (CICTAR)
- 14 Senator Fatima Payman
- 15 Prosperity Institute
- 16 E-volve Corporate Technology Pty Ltd
- 17 Parents for Climate Action
- 18 Amnesty International Australia
- 19 Institute for Energy Economics and Financial Analysis (IEEFA)
- 20 Mr Ketan Joshi
- 21 The Australia Institute
- 22 BP Australia
- 23 Chevron Australia
- 24 ConocoPhillips
- 25 Shell Australia
- 26 Greenpeace Australia Pacific
- 27 Climate Council of Australia
- 28 Business Council of Australia
- 29 The Superpower Institute
- 30 Origin Energy
- 31 National Offshore Petroleum Safety and Environmental Management Authority
- 32 Maritime Union of Australia
- 33 Hon Bill Johnston
- 34 Senex Energy
- 35 American Australian Association (AAA)
- 36 Friends Of The Earth Australia
- 37 Wilderness Society

- 38 Doctors for the Environment Australia
- 39 Queensland Resources Council
- 40 Small Business Commission NSW
- 41 No New Gas Coalition NT
- 42 National Tertiary Education Union (NTEU)
- 43 Australian Conservation Foundation
- 44 Australian Services Union
- 45 Australian Council of Social Service (ACOSS)
- 46 Jubilee Australia Research Centre
- 47 Peoples Climate Assembly
- 48 The Green Institute
- 49 Centre for Policy Development
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- 50 Bayside Climate Crisis Action Group
- 51 Chamber of Commerce and Industry WA
- 52 Make Big Polluters Pay Alliance
- 53 The Greens (WA)
- 54 Community Industry Group
- 55 Queensland Conservation Council
- 56 Echelon Resources
- 57 Australian Education Union
- 58 Climate Safe Solutions
- 59 Chamber of Minerals and Energy WA
- 60 Citizens' Climate Lobby Australia (CCLA)
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- 61 Climate Action Team Colac Otway
- 62 Environment Centre NT
- 63 Woodside Energy
- 64 Australian Nursing and Midwifery Federation
- 65 Australian Taxation Office
- 66 Dr Karen Austria, People First Party
- 67 Climate Analytics
- 68 Darebin Climate Action Group Now
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- 73 Grattan Institute
- 74 GetUp
- 75 Australian Council of Trade Unions (ACTU)
- 76 Santos

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- 77 Farmers for Climate Action
- 78 Mr Rick Krever
- 79 Business Council of Sustainable Development Australia (BCSD)
- 80 Ms Claudia Koller
- 81 Mr David Schulz
- 82 Dr Alexandra Uitdenbogerd
- 83 Ms Jenny Cottle
- 84 Mr Aaron Drew
- 85 Name Withheld
- 86 Mr Michael Sanderson
- 87 Ms Alison Clarke OAM
- 88 Mr Bradley Schultz
- 89 Ms Fiona Colin
- 90 Ms Maha Abed
- 91 Mr Monty Qasim
- 92 Mr Russell Sully
- 93 Name Withheld
- 94 Name Withheld
- 95 Name Withheld
- 96 Name Withheld
- 97 Name Withheld
- 98 Name Withheld
- 99 Name Withheld
- 100 Name Withheld
- 101 Name Withheld
- 102 Mrs Felicity Briggs
- 103 Ms Sharee McCammon
- 104 Ms Catherine Cox
- 105 Mr Joshua Jennings
- 106 Ms Patricia Saunders
- 107 Mr Michael Parsons
- 108 Mr Greg Greg Gange
- 109 Ms Catharine Errey
- 110 Mrs Monika Maria Doepgen
- 111 Mr Michael Jay
- 112 Miss Daniella Fraser
- 113 Name Withheld
- 114 Name Withheld
- 115 Mx Alex Livissianos
- 116 Mr Timothy Clifford
- 117 Mr Michael Burns
- 118 Mr Crispin Gomez

- 119 Name Withheld
- 120 Mr Les Johnston
- 121 Name Withheld
- 122 Mr Ananda Mathers
- 123 Stop the Bill Shock
- 124 Dr Monique Ryan MP
- 125 Ms Allegra Spender MP
- 126 Ms Suzanne Smith
- 127 Mr Howard Elston
- 128 Mr Ken Wilson
- 129 Ms Zoe Kemp
- 130 Ms Malisa Howard
- 131 Mr Andrew Nicholson
- 132 Mr Paul Magarey
- 133 Mr Mark Depisol
- 134 Mr Leonard Maletzke
- 135 Ms Nicole-Ann Fidge
- 136 Mrs Pamela Reeves
- 137 Mr Zavier Evans
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- 139 Name Withheld
- 140 Ms Karla Muir
- 141 Mr Trevor Hoare
- 142 Mr Murray Massey
- 143 Ms Erica Wilkinson
- 144 Mr Ron Anstis
- 145 Dr Akvan Gajanayake
- 146 Ms Kira Tremain
- 147 Mr Eric Sheppard
- 148 Name Withheld
- 149 Dr John Nightingale
- 150 Mr Geoffrey O'Donoghue
- 151 Mr Robert Stevens
- 152 Mr Lesley Walker
- 153 Ms Clare Smith
- 154 Mr Buzz Rainbow
- 155 Mr Chris Stanley
- 156 Dr Valerie Kay
- 157 Name Withheld
- 158 Ms Kim Grierson
- 159 Yolenthe Daly
- 160 Mr Helmut Schwabe

-
- 161 Prof Flavio Menezes
162 Name Withheld
163 Ms Patricia Nesbitt
164 Mr Peter Enge
165 Mr Christopher McDonald
166 Mr David Arthur
167 Mr Wayne Mayo
168 Name Withheld
169 Mr Simon Spencer
170 Name Withheld
171 Mr Geoff Jones
172 Mr Chris Haywood
173 Mr John Smith
174 Ms Leigh Pettingill
175 Ms Colleen Wysser
176 Dr John Davison-Mowle
177 Ms Julie Fraser
178 Mr Jack Williams
179 Ms Suzan Ferguson
180 Ms Anne Close
181 Mr Paul Casbolt
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183 Mr Darryn Wiley
184 Mr Graeme Lorimer
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188 Mr Sumarlinah Winoto
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191 Ms Diana Davison-Mowle
192 Dr Peter Morgan
193 Ms Judy Hardy-Holden
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196 Mrs Catherine Rossiter
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200 Mr Ian Peters

201 Ms Katy Wheeler
202 Ms Suzy Bessell
203 Name Withheld
204 Ms Courtney Venaglia
205 Mr Christopher Yianni
206 Mrs Maria Remova
207 Mr Peter Smith
208 Mr John Doorbar
209 Ms Meredith Kefford
210 Ms Lyndall Jones
211 Ms Emilia Tessaro
212 Ms Kate Gerard
213 Mr Jordan Phillips
214 Name Withheld
215 Name Withheld
216 Dr John R McPherson
217 Ms Wendy Gullick
218 Mr Campbell Gome
219 Mr Stephen Young
220 Mr Trevor Lucas
221 Name Withheld
222 Mr Rex Manson
223 Ms Clea Eykelkamp
224 Ms Kay Lefevre
225 Mr Graeme Batterbury
226 Dr David Freeston
227 Mr David Priddle
228 Ms Olivetta Harris
229 Mr Nick Grindrod
230 Name Withheld
231 Mr Robert Death
232 Mr Will Jones
233 Mr Ben Rose
234 Confidential
235 Confidential
236 Confidential
237 Oxfam Australia
238 Ms Susan Moodie
239 Mr Philip White

Additional Information

- 1 Australian Energy Producers, Response to invitation to comment on ABC News article (received 5 May 2026)
- 2 Form letter 1 (10 samples)

- 3 Form letter 2 (10 samples)
- 4 Form letter 3 (10 samples)
- 5 Form letter 4 (10 samples)
- 6 Form letter 5 (10 samples)

Answers to Question on Notice

- 1 The Australia Institute, answers to written questions on notice following a public hearing on 21 April 2026 (received 29 April 2026)
- 2 Punters Politics, answers to written questions on notice following a public hearing on 21 April 2026 (received 28 April 2026)
- 3 Institute for Energy Economics and Financial Analysis (IEEFA), answers to questions on notice from a public hearing on 21 April 2026 (received 24 April 2026)
- 4 Institute for Energy Economics and Financial Analysis (IEEFA), answers to written questions on notice following a public hearing on 21 April 2026 (received 30 April 2026)
- 5 Australian Council of Social Service (ACOSS), answers to questions on notice from a public hearing on 21 April 2026 (received 30 April 2026)
- 6 Australian Conservation Foundation, answers to questions on notice from a public hearing on 21 April 2026 (received 30 April 2026)
- 7 Mr Ketan Joshi, answers to questions on notice from a public hearing on 21 April 2026 (received 30 April 2026)
- 8 Queensland Resources Council, answers to questions on notice from a public hearing on 22 April 2026 (received 30 April 2026)
- 9 Shell, answers to questions on notice from a public hearing on 22 April 2026 (received 1 May 2026)
- 10 Business Council of Australia, answers to questions on notice from a public hearing on 22 April 2026 (received 29 April 2026)
- 11 ConocoPhillips, answers to questions on notice from a public hearing on 22 April 2026 (received 30 April 2026)
- 12 Origin Energy, answers to questions on notice from a public hearing on 22 April 2026 (received 30 April 2026)
- 13 Centre for International Corporate Tax Accountability & Research (CICTAR), answers to questions on notice from a public hearing on 22 April 2026 (received 28 April 2026)
- 14 Tax Justice Network Australia (TJN-Aus) and Centre for International Corporate Tax Accountability & Research (CICTAR), answers to questions on notice from a public hearing on 22 April 2026 (received 29 April 2026)
- 15 Australian Competition and Consumer Commission, answers to questions on notice from a public hearing on 22 April 2026 (received 30 April 2026)
- 16 Australian Taxation Office, answers to questions on notice from a public hearing on 22 April 2026 (received 1 May 2026)
- 17 Department of Industry, Science and Resources, answers to questions on notice from a public hearing on 22 April 2026 (received 30 April 2026)

- 18 Professor John Chandler, Centre for Mining, Energy and Natural Resources Law, University of Western Australia, answers to written questions on notice following a public hearing on 24 April 2026 (received 29 April 2026)
- 19 Climate Analytics, answers to questions on notice from a public hearing on 24 April 2026 (received 1 May 2026)
- 20 Woodside, answers to questions on notice from a public hearing on 24 April 2026 (received 1 May 2026)
- 21 Chevron Australia, answers to questions on notice from a public hearing on 24 April 2026 (received 1 May 2026)
- 22 Australian Energy Producers, answers to questions on notice from a public hearing on 24 April 2026 (received 1 May 2026)
- 23 INPEX Australia, answers to questions on notice from a public hearing on 24 April 2026 (received 1 May 2026)
- 24 Chamber of Minerals and Energy WA, answers to written questions on notice following a public hearing on 24 April 2026 (received 30 April 2026)
- 25 Hon Bill Johnston, answers to questions on notice from a public hearing on 24 April 2026 (received 27 April 2026)
- 26 Santos, answers to written questions on notice following a public hearing on 24 April 2026 (received 28 April 2026)
- 27 Santos, answers to written questions on notice following a public hearing on 24 April 2026 (received 28 April 2026)
- 28 Santos, answers to questions on notice from a public hearing on 24 April 2026 (received 30 April 2026)

Tabled Documents

- 1 Mr Joshua Runciman, Lead Analyst, Australian Gas, Institute for Energy Economics and Financial Analysis (IEEFA) Australia, Opening statement (received 21 April 2026)
- 2 Ms Kellie Caught, Program Director - Climate and Energy, Australian Council of Social Service (ACOSS), Opening statement (received 21 April 2026)
- 3 Australian Council of Social Service (ACOSS), Joint statement on tax and spending (received 21 April 2026)
- 4 Mr Beathan Mullen, Chief Executive Officer, The Superpower Institute, Opening statement (received 21 April 2026)
- 5 Mr Toby Phillips, Economic Director, Centre for Policy Development, Opening statement (received 21 April 2026)
- 6 Dr Adam Bandt, Australian Conservation Foundation, Opening statement (received 21 April 2026)
- 7 Mr Joe Rafalowicz, Head of Climate and Energy, Greenpeace, Opening statement (received 21 April 2026)
- 8 Ms Christina Hobbs, Manager, Policy and Advocacy, Future Group, Opening statement (received 21 April 2026)
- 9 Ms Cecile Wake, Country Chair, Shell Australia and EVP Integrated Gas Australia, Opening statement (received 22 April 2026)

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- 10 Mr Bran Black, Chief Executive Officer, Business Council of Australia, Opening statement (received 22 April 2026)
 - 11 Dr James Mathews, General Manager, Government Affairs, ConocoPhillips, Opening statement (received 22 April 2026)
 - 12 Mr Tim O'Grady, General Manager Government Engagement, Origin Energy, Opening statement (received 22 April 2026)
 - 13 Professor John Chandler, Centre for Mining, Energy and Natural Resources Law, University of Western Australia, Opening statement (received 24 April 2026)
 - 14 Professor John Chandler, Centre for Mining, Energy and Natural Resources Law, University of Western Australia, Opening statement to Senate Economics References Committee, Inquiry into Australia's oil and gas reserves, 20 August 2021 (received 24 April 2026)
 - 15 Dr Bill Hare, Chief Executive Officer, Climate Analytics, Opening statement (received 24 April 2026)
 - 16 Mr Graham Tiver, Chief Financial Officer and Executive Vice President, Woodside, Opening statement (received 24 April 2026)
 - 17 Ms Maggie McCourt, General Manager, Finance, Chevron Australia, Opening statement (received 24 April 2026)
 - 18 Mr Bill Townsend, Senior Vice President Corporate, INPEX Australia, Opening statement (received 24 April 2026)
 - 19 INPEX Australia, 2024 Tax transparency report (received 24 April 2026)
 - 20 INPEX Australia, 'LNG On-Selling in Japan – the facts' (received 24 April 2026)

Appendix 2

Hearings

Tuesday 21 April 2026

Committee Room 2S1

Parliament House

Canberra

Australia Institute

- Dr Richard Denniss, Executive Director

Punters Politics

- Mr Konrad Benjamin, Founder

Institute for Energy Economics and Financial Analysis (IEEFA)

- Mr Joshua Runciman, Lead Analyst, Australian Gas

Australian Council of Social Service (ACOSS)

- Ms Kellie Caught, Program Director, Climate and Energy
- Mr Peter Davidson, Principal Advisor

The Superpower Institute

- Mr Beathan Mullen, Chief Executive Officer

Centre for Policy Development

- Mr Toby Phillips, Economic Director
- Mr Miles Prosser, Energy Transition Lead

Climate Council of Australia

- Mr Greg Bourne, Councillor

Australian Conservation Foundation

- Dr Adam Bandt, Chief Executive Officer
- Mx Annika Reynolds, Head of Climate Policy

Greenpeace Australia Pacific

- Mr Joe Rafalowicz, Head of Climate and Energy

Labor Environment Action Network (LEAN)

- Ms Janaline Oh, National Secretary

Future Group

- Ms Christina Hobbs, Manager, Policy and Advocacy

Dr Ken Henry, Private capacity

Mr Ketan Joshi, Private capacity

Wednesday 22 April 2026

Committee Room 2S1

Parliament House

Canberra

Queensland Resources Council

- Ms Janette Hewson, Chief Executive Officer
- Ms Jana Dore, Policy Director External Affairs and Policy Director Economics

Shell Australia

- Ms Cecile Wake, Country Chair and EVP Integrated Gas Australia
- Ms Coralie Trotter, Head of Tax Asia Pacific and Middle East

Business Council of Australia

- Mr Bran Black, Chief Executive Officer
- Mr Steven Wright, Director, Energy and Climate Change

ConocoPhillips

- Dr James Mathews, General Manager, Government Affairs
- Ms Natalie Wallach, Head of Tax & Governance

Origin Energy

- Mr Tim O'Grady, General Manager Government Engagement
- Ms Catherine Feng, Head of Tax

Tax Justice Network - Australia

- Dr Mark Zirnsak, Spokesperson

Centre for International Corporate Tax Accountability and Research

- Mr Jason Ward, Principal Analyst

Treasury

- Mr Marty Robinson, First Assistant Secretary
- Ms Susan Bultitude, Assistant Secretary
- Ms Freya Carlton, Assistant Secretary, Domestic Demand, International and Trade Branch

Australian Taxation Office

- Ms Michelle Sams, Deputy Commissioner, Public Groups Engagement
- Ms Suzie Emery, Assistant Commissioner, Public Groups Engagement
- Mr Rhys Manley, Assistant Commissioner, Policy, Analysis and Legislation

Australian Competition and Consumer Commission

- Ms Anna Brakey, Commissioner
- Ms Angela Woo, General Manager, Gas Markets Branch
- Mr Wallace Stark, Director, Gas Markets Branch

Department of Industry, Science and Resources

- Ms Sam Chard, Head of Oil and Gas Division
- Mrs Norelle Laucher, General Manager, Offshore Strategy Branch
- Ms Crystal Ossolinski, General Manager, Resources and Energy Insights

Department of Climate Change, Energy, Environment and Water

- Ms Linda McGrath, Head of Division, National Energy Transformation Division
- Mr Hew Atkin, Acting Head of Division, Gas Markets Division
- Mr Andrew Pankowski, Branch Head, Gas Transformation Strategy Branch

Friday 24 April 2026

Anglesea Room

Mercure Hotel

Perth

Centre for Mining, Energy and Natural Resources Law, University of Western Australia

- Professor John Chandler

Climate Analytics

- Dr Bill Hare, Chief Executive Officer
- Mr James Bowen, Climate & Energy Policy Analyst
- Mr Thomas Houlie, Climate & Energy Policy Analyst

Woodside Energy

- Mr Graham Tiver, Chief Financial Officer and Executive Vice President
- Mr Tony Cudmore, Executive Vice President, Sustainability, Policy and External Affairs

Chevron Australia

- Ms Maggie McCourt, General Manager, Finance
- Mr Kynan Scarr, General Manager, Asset Development

Australian Energy Producers

- Ms Samantha McCulloch, Chief Executive
- Dr Matthew Steen, Principal Advisor - Economic Policy

INPEX Australia

- Mr Bill Townsend, Senior Vice President Corporate
- Mr Mike Gardiner, Vice President Finance, Treasury and Technology
- Mr Cameron McPhie, General Manager Decarbonisation

Conservation Council of WA

- Mr Matt Roberts, Executive Director
- Mr Liam Lilly, Research Coordinator
- Ms Greta Carroll, Fossil Fuels Senior Campaigner

Chamber of Minerals and Energy Western Australia

- Mr Aaron Morey, Chief Executive Officer
- Mr Steven Mills, Manager - Climate and Energy

*Hon Bill Johnston, Private capacity**Asia Natural Gas and Energy Australia*

- Mr David Wawn, Senior Advisor

Santos

- Ms Tracey Winters, Chief Strategy Officer