Submission to the Senate Select Committee on the Taxation of Gas Resources

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1. Executive Summary

Australia is one of the world's largest exporters of liquefied natural gas (LNG), yet the public return from these resources falls well short of what comparable nations achieve. Despite exporting at a scale that rivals Qatar and Norway, Australia collects only a fraction of the revenue those jurisdictions generate from equivalent volumes.

This is no longer a contested point. Senators David Pocock and Larissa Waters have publicly questioned whether Australians are receiving a fair return. The establishment of this inquiry reflects 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.[28]

This submission finds:

- Australia is forgoing an estimated $20–40 billion per year in potential public revenue under current gas taxation settings
- The current taxation framework enables long-term deferral and erosion of tax liabilities
- International models, particularly Norway, demonstrate that far stronger public returns are achievable without deterring investment
- The scale of lost revenue has direct consequences for cost of living, public services, and long-term national wealth

2. About Punters Politics

Punters Politics is a political education platform that has grown to an audience of over one million Australians, focused predominantly on the gas taxation issue.

In 2024, Punters Politics host Konrad attempted to attend a $3,000-per-ticket lobbying dinner, obtained a parliamentary lobbying pass, and was subsequently removed from Parliament House — experiences that illustrated firsthand the barriers ordinary Australians face in accessing political decision-makers. In response, Punters Politics raised $90,000 from everyday Australians and used those funds to erect 15 billboards across Australia and Japan drawing public attention to Australia's weak gas taxation arrangements.

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Following this campaign, Punters Politics raised a further $80,000 through a community fundraising dinner to fund Australia's first ever citizens' lobbyist. 2,000 Australians voted on the top policies to prioritise, with the highest-voted policies being:

1. No More Free Gas for Billionaires: Apply the PRRT to 100% of Australia's gas resources
2. Copy Norway's 78% Super Profits Tax: Norway taxes oil and gas profits at 78% (55% special petroleum tax + 22% corporate tax) and has built a $2 trillion sovereign wealth fund

Australians are tired of large corporations not paying their fair share. Tradies don't get free parts and materials — why should mining corporations?

This submission is grounded in a simple principle: Australia's natural resources should deliver tangible benefits to the Australian people.

3. The Scale of the Problem: Missed Revenue

3.1 Headline Comparison

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.[1]

3.2 Estimated Revenue Gap

Conservative estimates suggest Australia is forgoing between $20–40 billion per year in potential public revenue under current gas taxation and royalty settings. Even targeted reforms — tightening uplift rates, limiting deductions, and strengthening royalty frameworks — could conservatively recover $10–15 billion annually. Over a decade, the cumulative loss to the public is estimated at $100–300 billion.

By comparison, jurisdictions such as Norway and Qatar have structured their fiscal regimes to capture a significantly higher share of resource value for the public, converting comparable export volumes into substantial and sustained national income. The scale of Australia's revenue gap is therefore structural, driven by policy design rather than resource constraints or market conditions.[2]

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3.3 What This Means in Real Terms

This is not abstract. The scale of missed revenue translates directly into lost public investment.

$10 billion per year could fund:
- Approximately 50,000 nurses or teachers annually
- Major upgrades to regional hospitals across Australia
- Large-scale cost-of-living relief measures

$20 billion per year could fund:
- Universal childcare nationwide
- Significant reductions in income tax for low and middle income earners
- Major national infrastructure programs

$100+ billion over a decade could fund:
- A sovereign wealth fund delivering long-term income for future generations
- A permanent energy transition fund to support households and industry
- Large-scale housing supply programs

Instead, this value is largely captured by private interests or deferred indefinitely through the tax system — a structural outcome that is the direct result of policy choices, not economic necessity.

4. International Benchmark: The Norwegian Model

The experience of Norway provides a clear and instructive benchmark for how resource-rich nations can translate natural endowments into enduring public wealth. Norway has deliberately designed its petroleum fiscal regime to ensure a high and consistent public return, while maintaining a stable and attractive investment environment for industry. The contrast with Australia's current settings highlights the extent to which outcomes are driven by policy choices rather than structural constraints.[3]

4.1 Key Features

Norway's framework is underpinned by a high effective tax rate of approximately 78% on petroleum profits, combining corporate tax with a dedicated resource rent tax. This is supported by strong anti-avoidance provisions and ring-fencing rules, which prevent companies from offsetting losses across projects to minimise tax liabilities. In addition, the Norwegian Government maintains direct participation in petroleum projects, ensuring a share of profits beyond taxation alone. Critically, revenues are channelled into a sovereign wealth fund designed to capture and preserve long-term value for future generations.[4]

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4.2 Outcomes

These settings have enabled Norway to accumulate a sovereign wealth fund exceeding $1.5 trillion AUD equivalent, making it one of the largest in the world. The model delivers stable and predictable revenue streams to the government, insulating the economy from commodity price volatility and supporting long-term fiscal planning. Importantly, the transparency and consistency of the framework have contributed to high levels of public trust in the management of the country's natural resources.[5]

4.3 Key Insight

Norway demonstrates that high public returns and strong private investment are not mutually exclusive. A well-designed fiscal regime can provide certainty to investors while ensuring the community receives an appropriate share of resource wealth. Australia's comparatively low returns from gas exports are not inevitable — they are the result of deliberate policy settings that can, and should, be reformed.[6]

5. Why Australia Is Leaving Money on the Table

Australia's comparatively low public return from gas exports is not a function of resource quality or global demand, it is a reflection of structural weaknesses in the design and implementation of the fiscal regime. The limited ability of the Petroleum Resource Rent Tax (PRRT) to capture an appropriate share of resource value for the community is hamstrung by profit-shifting practices and a cautious and unambitious reform approach.[7]

5.1 PRRT Design Flaws

Key elements of the PRRT framework reduce its effectiveness as a resource rent tax. Uplift rates applied to carried-forward losses allow these deductions to grow at rates exceeding inflation, significantly increasing the stock of deductible expenditure over time. Generous deduction provisions enable companies to defer tax liabilities for extended periods, often decades, despite ongoing production and export activity. In addition, relatively weak ringfencing arrangements allow losses and deductions to be offset across projects, reducing taxable income even where individual projects are profitable. Collectively, these features delay or diminish PRRT receipts and undermine the objective of taxing economic rents from non-renewable resources.[8]

5.2 Value Shifting

Beyond statutory design, revenue is further eroded through value shifting practices within integrated LNG operations. This can include pricing gas at the wellhead below its eventual export value, thereby reducing the upstream taxable base where PRRT applies. Profits may also be allocated to downstream processing, liquefaction, or offshore entities, where tax treatment differs or liabilities are lower. The combined effect is to reduce the share of total project value recognised and taxed within Australia, even where the underlying resource is publicly owned.[9]

5.3 Policy Caution

Despite longstanding evidence of underperformance, reform of the PRRT and broader gas taxation framework has been incremental and cautious. This reflects a combination of strong industry influence citing ongoing concerns regarding investment certainty. However, from the Aussie Punters' perspective it is more widely accepted that the lack of reform is due to political reluctance to pursue structural change. The international experience, particularly Norway, demonstrates well-designed reforms can strengthen public returns while maintaining a competitive and stable investment environment. The current approach risks continues to entrench a system that continues to significantly underdeliver for Australians relative to the scale of resource extraction.[10]

6. Political Momentum for Reform

There is now clear and growing political support for reform of Australia's gas taxation framework. Senator David Pocock has been a prominent advocate for stronger taxation mechanisms and has played a key role in initiating parliamentary scrutiny of the sector. Similarly, Senator Larissa Waters and the Australian Greens have advanced more ambitious proposals, including a 25% export levy on gas, estimated to raise up to $17 billion per year. At the same time, reform options are being actively examined within government, including potential windfall profit taxes and further changes to the PRRT framework.[11]

This momentum reflects a broader shift in the policy landscape. There is increasing recognition that the current system is underperforming relative to international benchmarks, and growing public concern about fairness — particularly in the context of cost-of-living pressures and the perception that multinational resource companies are not contributing an equitable share. There is a growing willingness among policymakers to consider structural reform, moving beyond incremental adjustments toward more substantive changes to how Australia captures value from its natural resources.[12]

The depth of public sentiment on this issue is reflected in the reach and response generated by Punters Politics' campaign work. Over two years, the platform has grown to an audience of over one million Australians, generating more than 15 million views across channels each month. The campaign has raised over $170,000 — funding 15 gas billboards across Australia and Japan and the appointment of Australia's first citizens' lobbyist. More than 4,600 gas-themed stickers have been sold to date, and tens of thousands of comments and emails have been received from Australians calling for change.

Community polling conducted through the platform found overwhelming support for two specific reforms: applying the PRRT to 100% of Australia's gas resources, and adopting a Norway-style 78% super profits tax on oil and gas. These were the highest-voted policies when 2,000

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Australians were asked to prioritise the issues they most wanted the citizens' lobbyist to pursue. This is not passive public interest — it is an active and sustained demand for structural reform.[12]

7. The Influence Problem

Punters Politics' work highlights a deeper structural issue underpinning Australia's gas taxation framework: access and influence. 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. These dynamics create an uneven playing field, where well-resourced industry actors are able to consistently engage, advocate and influence, while the broader community struggles to be heard.[13]

There is an increasingly stark contrast between the scale of corporate influence and the capacity of ordinary Australians to participate in policy debates. In many respects, this reflects a modern **David versus Goliath** dynamic: on one side, multinational gas companies with significant financial resources and established access pathways; on the other, citizens and small advocacy efforts seeking a fair return from publicly owned resources. The emergence of the Punters Politics crowd-funded advocacy models, is a direct response to this imbalance. It is a stark attempt to democratise access and ensure public interest voices are represented in national decision-making processes.[14]

These structural dynamics have tangible policy consequences. Where access is concentrated and transparency is limited, reform is slower, known design flaws persist, and opportunities for structural improvement are delayed or diluted. Over time, this contributes to erosion of public trust, particularly where there is a perception that policy settings favour entrenched interests over the broader community. Addressing Australia's gas taxation challenge therefore requires not only technical reform, but also greater transparency and balance in how policy is shaped.[15]

8. Reform Pathway — What Needs to Change

Punters Politics is proposing a reset. Not tweaks. Not another review. A system that actually delivers for Australians.

8.1 No More Free Gas for Billionaires

Australia must ensure that 100% of publicly owned gas resources are subject to taxation. Right now, around 56% of gas exports attract zero royalty payments, this means companies are extracting and exporting Australian resources for free. Tradies don't get free inputs. Neither should multinational gas companies.[16]

The scale of the issue is clear. Inpex reportedly paid no royalties, no PRRT, and no corporate tax on $21 billion in exports over a decade. At the same time, Australia's beer excise raises more revenue than the entire gas industry pays in PRRT.[17]
Australians know this isn't fair. Polling shows more than 60% support a flat 25% tax on gas exports, rising to as high as 75% in key electorates.[18]

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8.2 Copy Norway's 78% Super Profits Tax

Australia should adopt a Norway-style super profits framework, applying a high, stable tax to resource rents. In Norway, petroleum profits are taxed at 78%, combining corporate and resource rent taxes. This has enabled the creation of a sovereign wealth fund exceeding $2 trillion AUD equivalent.[19]

The contrast is stark. Australia collects only around $16 billion in government revenue from $164 billion in oil and gas production. Put simply and unescapably, less than 10% of Norway's returns. Meanwhile, Australians are paying the price: the Parliamentary Budget Office estimates $48.1 billion in annual interest payments on public debt, or roughly $1,700 per person. In the same year, Norway's fund generated investment returns equivalent to $62,500 per citizen.[20] Even a 25% flat export levy could raise $17 billion annually—enough to materially shift cost-of-living pressures and fund essential services.[21]

8.3 End the Corporate Tax Dodge

Australia must address systemic tax avoidance across large corporations. In 2023–24, 28% of companies earning over $100 million paid zero corporate tax, including major multinationals. A decade ago, that figure was even higher at 36%, demonstrating a long-standing structural problem.[22]

If a regular Australian failed to pay tax, they would face penalties and enforcement action. Billion-dollar corporations are too often able to minimise or eliminate liabilities through legal structures, deductions, and profit shifting. This undermines both revenue and public confidence in the fairness of the system.[23]

8.4 Stop Billionaires Buying Politicians

Australia must end cash-for-access political fundraising. Evidence shows that corporations and wealthy donors are paying extraordinary sums for direct access to decision-makers, including six-figure dinners with senior politicians. This is not community engagement, it is privileged access.[24]

Public sentiment is clear: 82% of Australians believe paying for access creates unfair influence. Both major parties have benefited from these arrangements, with millions raised through private events while transparency remains limited.[25]

8.5 End Lobbyist Loopholes

Australia's lobbying framework is outdated and opaque. Lobbyists holding parliamentary access passes can move freely through Parliament House with minimal public visibility. Lobbyists now outnumber politicians by around three to one, yet are governed by a voluntary code of conduct rather than enforceable law.[26]

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The current register is incomplete, excluding in-house corporate lobbyists entirely. The public has no clear visibility over who has access, who granted it, or what is being discussed. Reform should include a comprehensive public register, full disclosure of access arrangements, and enforceable rules governing lobbying activity.[27]

9. Conclusion

Australia's gas resources belong to the public. The returns should too. Right now, they don't.

Every year, Australia is leaving tens of billions of dollars on the table. Money that could ease cost-of-living pressure, fund essential services, and build long-term national wealth. Instead, Australians are effectively subsidising some of the most profitable resource projects in the world.

This isn't complicated nor inevitable. The system isn't working and reform is now firmly on the agenda. Other countries, like Norway, have shown what happens when governments back themselves and design systems that actually return value to their citizens. Australians are paying more tax on their wages than multinational companies are paying on the gas we own. That's the reality.

This is not a technical problem. It is a policy choice. Australia can continue with a system where publicly owned resources generate limited public return or it can choose a model that delivers fair value, restores trust, and actually works for Australians.

The question isn't whether the system is broken. The question is whether we've got the guts to fix it.

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