

CANA submission

To the Senate Select Committee on the Taxation of Gas Resources,

Climate Action Network Australia (CANA), comprising over 180 climate organisations, welcomes the opportunity to make a submission to this inquiry.

Australia is a major exporter of liquefied natural gas (LNG), yet the current taxation framework fails to deliver a fair public return or align with Australia's climate commitments. At the same time, continued expansion of gas production is incompatible with limiting global warming to 1.5°C. The International Energy Agency has made clear that no new oil and gas fields can be established if we are to remain consistent with a net zero climate emissions pathway ([IEA, 2021](<https://www.iea.org/reports/net-zero-by-2050>)).

Within this context, reforming how Australia taxes gas exports is both a fiscal and climate imperative.

The failure of the current system

Australia's Petroleum Resource Rent Tax (PRRT) is not fit for purpose. Despite record export volumes and high global prices, the PRRT has delivered limited returns to the Australian public.

Analysis indicates that over recent years, tens of billions of dollars in LNG exports have generated little to no PRRT revenue, due to generous deductions and uplift rates that significantly delay tax payments ([The Australia Institute, 2025] (<https://australiainstitute.org.au/report/giving-away-gas-to-2030/>)). This outcome undermines public confidence and highlights structural flaws in the regime.

At the same time, Australian households and businesses have faced sustained energy price pressures, while governments confront growing fiscal demands associated with climate impacts, disaster recovery, and the energy transition.

Aligning tax reform with climate goals

Tax reform must support Australia's transition away from coal and gas.

Expanding LNG exports risks locking in emissions for decades and delaying investment in clean energy. The IPCC has emphasised that global fossil fuel use must decline rapidly this decade to avoid the worst climate impacts ([IPCC AR6 Synthesis Report 2023](<https://www.ipcc.ch/report/ar6/syr/>)).

A strengthened taxation framework can play a role by:

- Disincentivising marginal or high-cost new gas developments.
- Capturing greater value from existing production while it declines.
- Redirecting public revenue toward clean energy and electrification.

Strong public support

It is clear from multiple opinion polls that a majority of Australians support the gas industry paying higher taxes. YouGov for The Australia Institute found 61% of Australians agreed with a 25% gas export tax and only 5% disagreed

(<https://australiainstitute.org.au/post/tax-gas-exports-invest-in-health-aged-care-new-polls/>), while RedBridge for The Superpower Institute found 87% of voters agree or strongly agree that Australians deserve a better return from the sale of our gas exports, with just 3% disagreeing (<https://melbourneinstitute.unimelb.edu.au/news/news/2026/as-regular-australians-struggle.-gas-companies-are-making-massive-profits-and-paying-minimal-tax.-it-is-perverse>).

Public support is further demonstrated by agitation to Labor MPs, as reported in The Guardian (<https://www.theguardian.com/business/2026/mar/28/its-fired-people-up-support-grows-including-wit-9-52+59595=95=9+9%-2=-+--+5hin-labor-for-new-gas-tax-to-curb-wartime-profits>), “one Labor MP, who spoke on the condition of anonymity, said, “I’m getting a lot of heat [on the gas tax]”. A petition supporting the 25% gas export tax hosted by GetUp! Has attracted more than 60,000 signatures at time of submission, and ordinary Australians have been inspired to display their support for the tax in public locations.



We encourage the committee to consider the strong public feeling on this issue and back in the majority of our community who recognise the gas industry is not paying its fair share.

Industry lobbying preventing fair taxation

We would also encourage the committee to investigate how the gas industry has sought to influence government approvals and policies through public campaigning and private lobbying to avoid paying their fair share of tax.

Investigations from the Sydney Morning Herald and The Age (<https://www.smh.com.au/environment/climate-change/we-got-there-text-messages-reveal-woodsides-negotiating-tactics-20260302-p5o6sl.html>) have shown the gas industry’s inappropriately close

relationships with government and the departments responsible for regulating them. Evidence from Meta ad library

([https://www.facebook.com/ads/library/?active_status=all&ad_type=all&country=AU&id=742517462159818&is_targeted_country=false&media_type=all&search_type=page&sort_data\[mode\]=total_impressions&sort_data\[direction\]=desc&view_all_page_id=471390022952217](https://www.facebook.com/ads/library/?active_status=all&ad_type=all&country=AU&id=742517462159818&is_targeted_country=false&media_type=all&search_type=page&sort_data[mode]=total_impressions&sort_data[direction]=desc&view_all_page_id=471390022952217)) shows the gas industry body Australian Energy Producers spending \$42,689 during the week from 29 March defending against calls for a 25% flat-rate levy on gas exports. Their allies at the Minerals Council of Australia spent \$11,301 in the same time period ([https://www.facebook.com/ads/library/?active_status=active&ad_type=all&country=AU&is_targeted_country=false&media_type=all&q=minerals%20council%20of%20Australia&search_type=keyword_unordered&sort_data\[direction\]=desc&sort_data\[mode\]=total_impressions](https://www.facebook.com/ads/library/?active_status=active&ad_type=all&country=AU&is_targeted_country=false&media_type=all&q=minerals%20council%20of%20Australia&search_type=keyword_unordered&sort_data[direction]=desc&sort_data[mode]=total_impressions)), while delivering toy trucks to members of parliament.



Mehreen Faruqi @m... 5m

Look what the Minerals Council of Australia just dropped off...

You can include your little toy, but not even a toddler is going to believe this rubbish.



We call on the committee to ensure that decisions on the taxation on the gas that belongs to the Australian people are made in the best interests of the Australian people and not unduly influenced by the gas industry or their allies in foreign governments.

A fairer return on publicly owned resources

CANA supports more effective and transparent taxation mechanisms for gas exports, including a flat-rate 25% levy on LNG export revenues.

A revenue-based approach would:

- Provide a stable and predictable public return.
- Reduce opportunities for profit-shifting and tax minimisation.
- Better reflect the value of publicly owned resources.

- Ensure Australians benefit from periods of high global prices, including those influenced by geopolitical instability.

Comparative international experience demonstrates that significantly higher public returns are achievable. Norway's petroleum tax system has generated substantial long-term public wealth through high effective tax rates and strong public ownership ([Norwegian Petroleum, 2025](<https://www.norskpetroleum.no/en/economy/petroleum-tax/>)). Similarly, Qatar captures a far greater share of LNG export value for public benefit ([The Australia Institute, 2025](<https://australiainstitute.org.au/wp-content/uploads/2026/01/P1816-Government-revenue-from-LNG-Qatar-vs-Aus-Web.pdf>)).

Supporting households and a fair energy shift

Any additional revenue raised should be directed toward:

- Cost-of-living relief, particularly through energy bill reduction and efficiency upgrades.
- Accelerating renewable energy deployment and storage.
- Electrification of homes and industry to reduce reliance on gas.
- Supporting workers and communities currently dependent on the gas industry through a planned and fair transition.

This approach would help address immediate economic pressures while building long-term resilience and reducing exposure to volatile global gas markets.

Conclusion

Australia's gas resources are publicly owned and finite. The current taxation system is not delivering a fair return, nor is it aligned with Australia's climate commitments or long-term economic interests.

Reforming gas taxation by introducing a 25% levy on gas exports offers an opportunity to correct this imbalance, strengthen public finances, and support a faster, fairer transition to a clean energy future.

CANA urges the Committee to recommend substantial reform to the taxation of gas resources to ensure Australians receive a fair return and to align fiscal policy with a safe climate future.