

# Budget revenue from WA gas exports: Tiny and shrinking

*Royalty revenue from WA gas exports has halved in the past two years and now makes up just 1.5% of budget revenue. It is expected to halve again by 2028, reaching just 0.6% of revenue, meaning WA's motorists will pay 6x more in vehicle registration than the oil and gas industry pays in royalties.*

Mark Ogge and Rod Campbell  
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## INTRODUCTION

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On 7 May 2024, The Australia Institute released analysis of the economic impacts of Western Australia's gas exports. A key finding of our research was that Western Australia (WA) was raising more state government revenue through vehicle registration than in royalties from the oil and gas industry. That finding was based on the 2023-24 state budget.<sup>1</sup>

This finding was also communicated through paid advertising on a prominent Perth billboard. Western Australia's Treasurer Rita Saffioti was questioned by journalists about the finding, conceding that West Australians are not receiving windfalls from the state's gas projects.<sup>2</sup>

On 9 May, the 2024-25 state budget was released.<sup>3</sup> This briefing note updates our earlier analysis with figures from this latest budget.

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<sup>1</sup> Ogge and Campbell (2024) *Gas in WA: the economy*, <https://australiainstitute.org.au/report/gas-in-wa/>

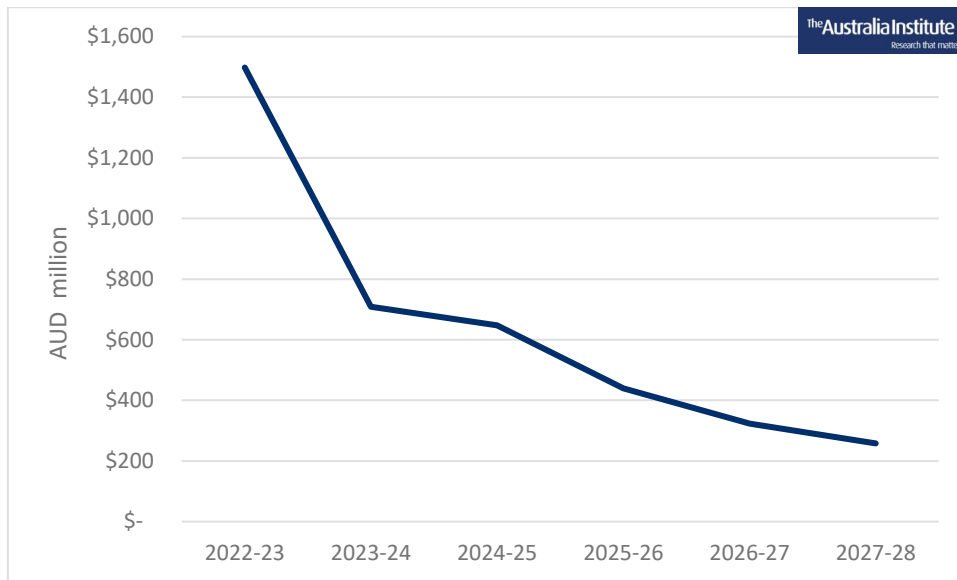
<sup>2</sup> 6PR News Bulletin, 4.03pm, 7 May 2024.

<sup>3</sup> Government of Western Australia (2024) Western Australia State Budget 2024-25, <https://www.ourstatebudget.wa.gov.au/>

# OIL AND GAS IN WA BUDGET 2024-25

The 2024-25 WA Budget, released on 9 May, shows state revenue from oil and gas production dropping from \$1.5 billion in 2022-23 to \$709 million in 2023-24 and a further drop to \$647 million expected in 2024-25, as shown in Figure 1:

**Figure 1: North West Shelf payments and state petroleum royalties**

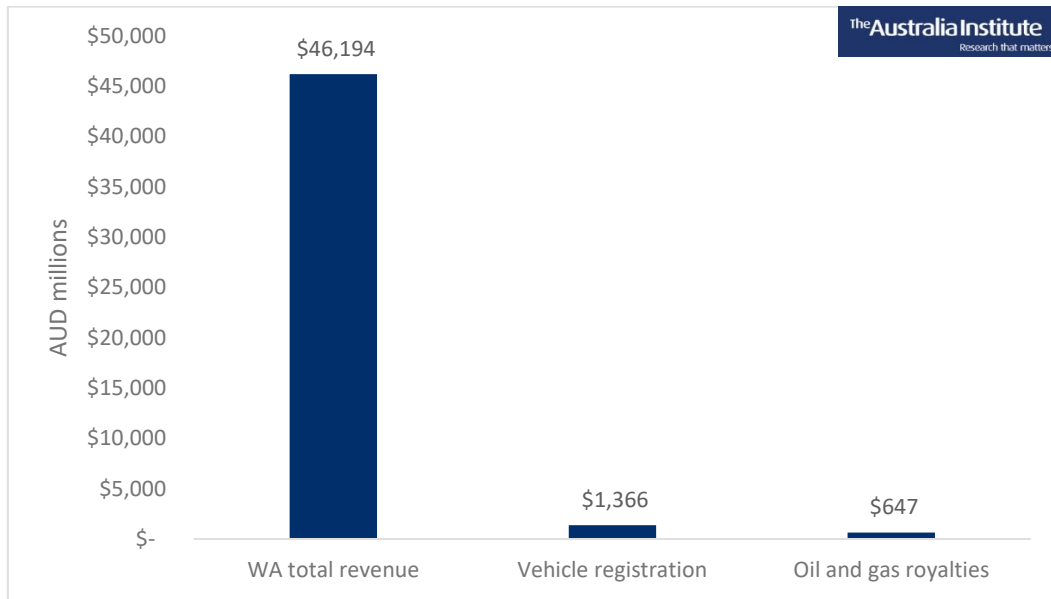


Source: Government of Western Australia (2024) *Budget Paper No.3 Economic and Fiscal Outlook*

Figure 1 shows a combination of payments from the North West Shelf, received via the Commonwealth, and other state-based petroleum royalties. This 52% decline in gas and oil revenue has not been widely noted in coverage of the budget, principally because the payments are so small in the context of total WA Government revenue. The change from 2022-23 to 2024-25 represents a drop from 3.4 % of WA government revenue to just 1.4% of revenue. Forward estimates forecast that dropping to 0.6% of revenue by 2027-28.

Figure 2 below compares 2024-25 budgeted estimates of WA Government revenue from the oil and gas industry to total revenue and payments from vehicle registration.

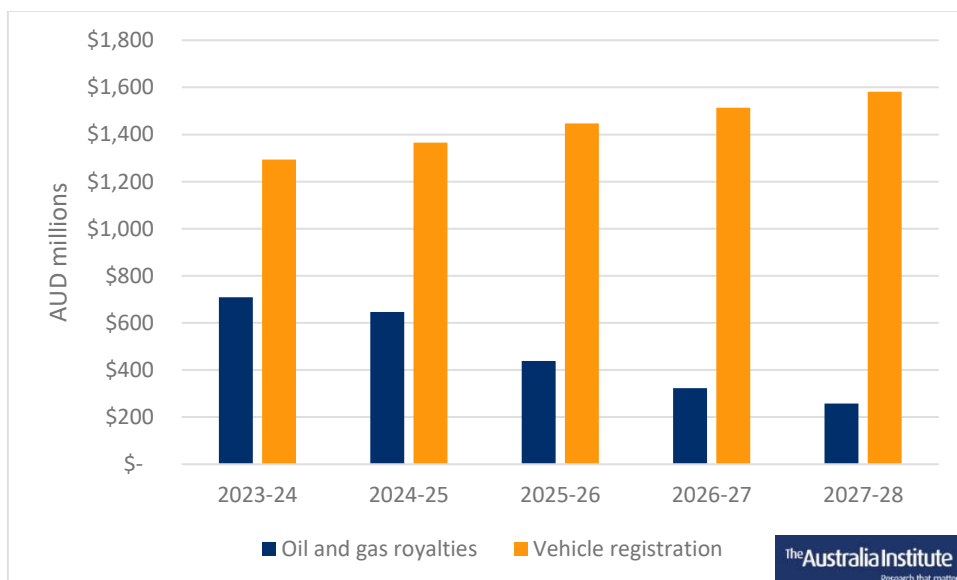
**Figure 2: WA gov revenue, oil & gas royalties and vehicle registration, 2024-2025**



Source: Government of Western Australia (2024) *Budget Paper No.3 Economic and Fiscal Outlook*

Figure 2 shows that oil and gas royalties are not a significant part of state revenue, and are expected to raise less than half the revenue raised through vehicle registration fees. This disparity is expected to increase. As shown in Figure 3 below, vehicle registration fees are expected to grow modestly out to 2027-28, while the WA Government expects revenues from the oil and gas industry to decline.

**Figure 3: WA Government revenue from oil and gas vs vehicle registration**



Source: Government of Western Australia (2024) *Budget Paper No.3 Economic and Fiscal Outlook*

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Figure 3 shows that the WA Budget is expecting oil and gas royalties to decline to just \$258 million in 2027-28, one sixth the value of vehicle registration expected in that year.

Data elsewhere in Budget Paper 3 shows that in 2027-28 the \$258 million in forecast oil and gas royalties will equate to:

- Just 5% of forecast iron ore royalties (\$5.7 billion).
- Less than half the value of forecast lithium royalties (\$623 million).
- Half the value of forecast gold royalties (\$526 million).

## CONCLUSION

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When considering WA's tiny and shrinking revenues from oil and gas, it is important to remember that WA is an internationally significant gas producer. If it were a country, WA would be the world's third largest exporter of liquefied natural gas (LNG), behind only the USA and Qatar. The multinational companies that export LNG from WA made revenue of \$56.3 billion in 2022-23, more than WA Government revenue (\$43.6 billion in that year).

Despite the volume of gas produced and the huge export revenue, WA Government figures show that the WA community sees very little in return.

The gas industry has ripped of Western Australians for too long. The WA and Australian governments have an opportunity to raise far more money from oil and gas production.