

Australia's gas policy mess

Gas companies and the Australian government claim that Australia faces gas shortages, while multinational exporters are shipping record volumes of gas out of Australia. The prices that Australians pay for gas have gone up, while government revenue from gas production has gone down. What's going on?

Exports and prices

Gas production in Australia has tripled since 2010, but domestic consumption has barely changed. This means that around 80% of gas produced in Australia is exported.

Gas export terminals opened at Gladstone in Queensland in late 2014. This meant that for the first time, gas could be exported from Australia's east coast, giving gas companies the option to sell Australian gas into higher-priced Asian markets.

This, in turn, meant that Australians suddenly had to pay world prices for domestically-produced gas. Suddenly, Australian wholesale prices tripled from \$3 per gigajoule (GJ) to \$10 per GJ, and often rose even higher.¹

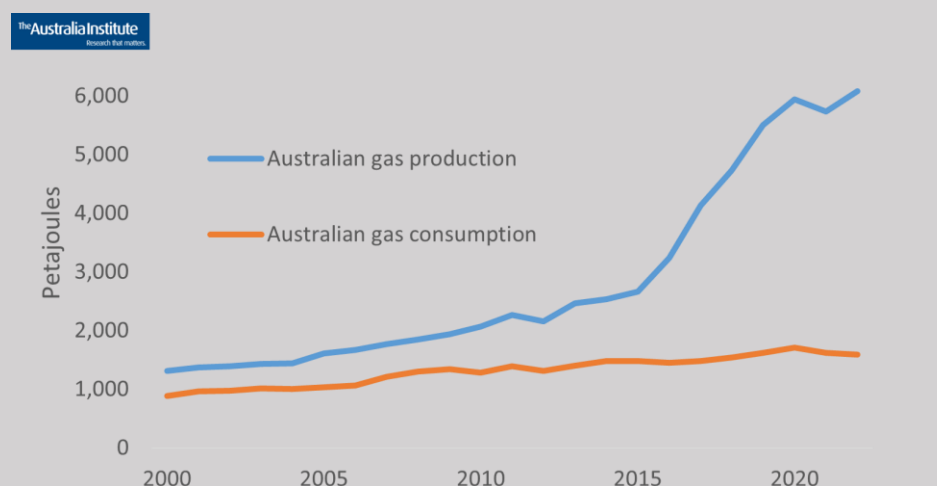
Payments to government

The public owns Australia's natural resources, including its gas. The fees that companies pay to use these resources are referred to as royalties. However, most multinational exporters pay no royalties on the gas they export. In the past four years, \$149 billion worth of liquified natural gas was exported from Australia royalty-free.²

These companies also pay very little tax—so little, in fact, that the Australian Taxation Office (ATO) has called the oil and gas industry “systemic non-payers” of tax.³ The Australian Government receives more money from:

- Income tax paid by teachers than tax paid by the gas industry;⁴

Figure 1: Australian gas production and consumption, 2000–present



Sources: Australian Government (2023) *Australian Energy Statistics*, Table J

- HECS repayments than Petroleum Resource Rent Tax (PRRT) paid by the gas industry.⁵
- Beer excise than taxes paid by Chevron, Exxon, Woodside and Shell combined.⁶

Gas companies made \$55 billion in 2023, because the war in Ukraine increased world energy prices. Despite this record-breaking revenue—some five times what the industry made in 2001—the payments received from the PRRT were lower in 2023 than they were in 2001.

Figure 2 shows how the industry's profits have skyrocketed while its contribution to the Australian economy has flatlined.

Jobs

The gas industry employs few people. Just 16,200 people in Australia work in oil and gas extraction, or 0.11% of the 14.4 million jobs in the country. For comparison, manufacturing employs 902,900 people and the health sector employs 2.2 million.⁷

Emissions

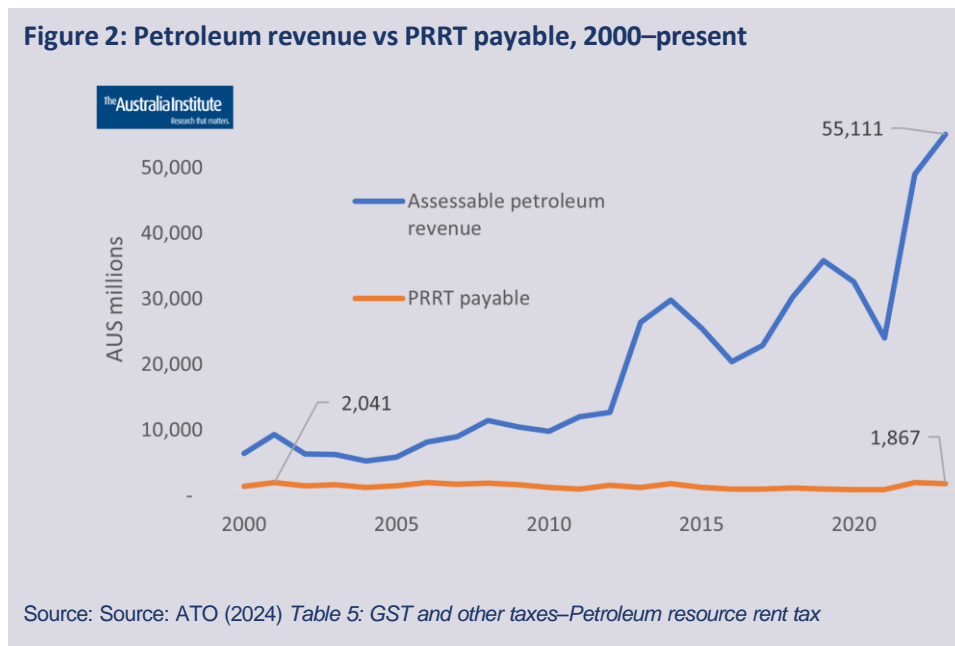
Emissions from the supply and use of natural gas accounted for almost a quarter (24%) of Australia's total emissions in 2022.⁸ This doesn't include emissions from Australia's gas exports, which reached 256 million tonnes CO₂-e in 2022–23.⁹

A fair shake of the gas bottle

Governments choose royalty and tax levels. It is a choice to give away gas royalty-free. It is a choice to tax the industry so lightly.

By choosing instead to increase the PRRT and actually collect revenues from the gas industry, the Commonwealth Government could have billions of dollars more to spend on public services.

Figure 2: Petroleum revenue vs PRRT payable, 2000–present



- 1 Australian Energy Regulator (2024) *Gas market prices*
- 2 Ogge et al (2024) "Australia's great gas giveaway", The Australia Institute, <https://australiainstitute.org.au/report/australias-great-gas-giveaway/>
- 3 Mclroy (2019) "Oil, gas 'systemic non-payers' of tax", *Australian Financial Review*, 12 Dec 2019
- 4 Grudnoff (2024) "Teachers pay more tax than the oil and gas industry", The Australia Institute, <https://australiainstitute.org.au/post/teachers-pay-more-tax-than-the-oil-and-gas-industry/>
- 5 Jericho and Thrower (2024) "Yes, the government collects more money from HECS than it does from PRRT", <https://australiainstitute.org.au/post/yes-the-government-collects-more-money-from-hecs-than-it-does-from-the-petroleum-resource-rent-tax/>
- 6 Ogge (2024) *Gas in Western Australia: The economy*, The Australia Institute, <https://australiainstitute.org.au/report/gas-in-wa/>
- 7 ABS (2024) *Labour Force, Australia, Detailed*, Table 06
- 8 Australian Government (2024) *Future Gas Strategy Analytical Report*, p 21
- 9 Production 82 Mt LNG 2022-23 (Resources and energy quarterly: June 2024), Scope 3 emissions factor of 3.13 Mt CO₂-e/Mt LNG, Woodside (2020) *Scarborough Offshore Project Proposal*, Table 7-81, p 379

Find out more at our website by going to australiainstitute.org.au/initiative/gas-the-facts/ or via the QR code below:

