

# Australia Institute submission to the Gas Market Review 2025

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## INTRODUCTION

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The Australia Institute welcomes the opportunity to contribute to the Australian Gas Market Review Consultation. Our research has long documented the comprehensive failure of Australian Government policies to prioritise the interests of Australians over multinational gas exporters. Our view is that the incremental technocratic policies of successive governments to solve these issues have failed, and that a fresh approach is needed.

The ACTU's proposal for a 25% tax on gas export revenue would solve domestic supply and price issues, while ensuring a fairer share of revenue for the Australian community from the once-off exploitation of our gas resources, bringing us closer to other gas exporting nations like Qatar and Norway.

## CONTEXT

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Australia's gas policies are a mess.<sup>1</sup> The decision by the Queensland and Australian governments to allow liquefied natural gas (LNG) exports from the east coast of Australia has caused wholesale gas prices for Australian customers to triple, and wholesale electricity prices to double,<sup>2</sup> which is an enormous transfer of wealth from Australian households and businesses to multinational gas exporters.

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<sup>1</sup> The Australia Institute (2025) *Australia's gas policy mess*, <https://australiainstitute.org.au/post/australias-gas-policy-mess/>

<sup>2</sup> Ogge, Saunders and Campbell (2025) *Impact of gas exports on Australian energy prices*, <https://australiainstitute.org.au/report/impact-of-gas-exports-on-australian-energy-prices/>

Despite these LNG projects being approved on the basis that their gas exports would come from their own CSG fields developed specifically for export, they now control over 90% of east coast reserves<sup>3</sup> and are net-takers from the domestic market.<sup>4</sup>

These companies export enough uncontracted gas to solve any supply and price issues in Australia many times over, to the global spot market ahead of Australians,<sup>5</sup> while the same companies claim Australia is facing gas shortages.<sup>6</sup>

Australian Government policies have failed to adequately address this situation.

The problem has continued despite successive Heads of Agreements (HoA) between the gas industry and the Australian Government. Although the Australian Domestic Gas Security Mechanism (ADGSM) has never been triggered, it is arguably effective as a deterrent to LNG exporters allowing an actual shortfall to the domestic market. However, it helps to entrench high domestic gas prices because to avoid triggering the ADGSM, gas producers only need to promise just enough gas to avoid a shortage. This lets them keep domestic supply tight and prices high.<sup>7</sup>

The Gas Code has had little impact on prices because gas producers promising to supply the domestic market are largely exempt from the reasonable price provisions of the code.<sup>8</sup>

Because of the Government's counterintuitive decision to exempt companies promising to supply the domestic market from the requirement to provide gas to the domestic market at reasonable prices, the only way for the Code to reduce prices is if it sufficiently increases domestic supply.

However, this will not happen, because even if the molecules from any exempted new project go to the domestic market, gas exporters control 90% of east coast reserves and the gas network is interconnected. This means gas exporters can increase the amount of gas they buy from domestic reserves that would have otherwise supplied the domestic market,

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<sup>3</sup> ACCC (June 2025) *Gas Inquiry 2017-2030, Interim update on the east coast gas market*, p.4, <https://www.accc.gov.au/about-us/publications/serial-publications/gas-inquiry-2017-30-reports/gas-inquiry-june-2025-interim-report>

<sup>4</sup> ACCC (December 2023) *Gas Inquiry 2017-2030 Interim update on east coast gas market*, Chart 2.12, P.33, <https://www.accc.gov.au/about-us/publications/serial-publications/gas-inquiry-2017-30-reports/gas-inquiry-december-2024-interim-report>

<sup>5</sup> Saunders and Denniss (2024) *What is the case for more gas?* <https://australiainstitute.org.au/report/what-is-the-case-for-more-gas/>

<sup>6</sup> Packham (2025) *Gas crisis a consequence of coupling energy and climate policies: Santos boss*, <https://www.theaustralian.com.au/business/mining-energy/gas-crisis-a-consequence-of-coupling-energy-and-climate-policies-santos-boss/news-story/e4b9526f15b1480cd3371826fd31a214>

<sup>7</sup> Ogge (2019) *Just to cap it off: Submission to the 2019 Review of the Australian Domestic Gas Security Mechanism (ADGSM)*, <https://australiainstitute.org.au/report/just-to-cap-it-off/>

<sup>8</sup> ACCC (2025) *ibid.* p.28.

cancelling out any increase in the domestic gas supply. For example, if Santos's Narrabri Gas Project supplies gas to the domestic market, Santos can simply divert the equivalent amount of Cooper Basin gas from the domestic market to its GLNG export terminal in Gladstone, offsetting any increase in domestic supply. This outcome is virtually assured by the enormous gap between the forecast production of Santos's GLNG project and their domestic gas contracts which will require reliance on domestic gas purchases to fill the gap.<sup>9</sup>

Similarly, a gas reservation policy on new gas projects as floated by Minister Bowen<sup>10</sup> will have little effect because the increases in domestic supply from any new gas project can simply be offset by diverting gas that would have otherwise supplied the domestic market, for export.

In Western Australia, where 90% of gas is exported or used processing gas for export, the long-heralded reservation policy no longer sufficiently protects Western Australians from high gas prices and shortages. Despite 15% of LNG production being theoretically reserved for the domestic market, wholesale gas and electricity prices have tripled since 2020.<sup>11</sup> Over that period Woodside and Santos have increased their gas prices 96% and 68% respectively and analysts are warning of looming shortages.<sup>12</sup>

## ACTU PROPOSAL FOR A 25% TAX ON GAS EXPORTS.

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A decade of experience has shown the gas industry runs rings around incremental technocratic attempts by the Australian Government to increase domestic supply and lower prices including the ADGSM, HoA and Gas Code. A fresh approach is needed.

The ACTU proposal for a 25% tax on revenue from gas exports to replace the broken PRRT<sup>13</sup> would be a far more effective way of ensuring an ample supply of affordable gas for Australians while raising billions of dollars in revenue for the Australian community.

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<sup>9</sup> ACCC (2025) Ibid, p.65.

<sup>10</sup> Lowrey (2025) *New gas projects need to deliver gas to Australians, argues minister*, <https://www.abc.net.au/news/2025-06-30/chris-bowen-says-new-gas-projects-need-to-sell-locally/105478966>

<sup>11</sup> Ogge, Campbell and Verstegen (2024) *Triple trouble: WA wholesale gas and electricity prices soar since approval of onshore gas exports*, <https://australiainstitute.org.au/post/triple-trouble-wa-wholesale-gas-and-electricity-prices-soar-since-approval-of-onshore-gas-exports/>

<sup>12</sup> Milne (2025) *Western Australia faces 'growing shortfall' of increasingly expensive gas: EnergyQuest*, <https://www.boilingcold.com.au/western-australia-faces-growing-gas-shortfall/>

<sup>13</sup> ACTU (August 2025) *Unions want to make housing affordability a key roundtable issue*, <https://www.actu.org.au/media-release/unions-urge-tax-reform-to-make-housing-fairer-and-address-inequality/>

Because it would be imposed on exported gas, but not on gas supplying the domestic market, it would provide a powerful incentive for producers to supply uncontracted gas to Australian customers ahead of the global spot market. The increased supply would reduce prices.

The policy would also bring Australia closer to other major gas exporting countries like Norway and Qatar in terms of ensuring a fair return for the exploitation of our gas resources.

Currently over half (56%) of gas exported from Australia is royalty free, including 73% of gas produced in Western Australia.<sup>14</sup> No gas export project has ever paid PRRT.<sup>15</sup> \$125 billion worth of liquefied natural gas (LNG) has been shipped out of Gladstone, but 9 out of 10 companies involved in Queensland gas exports have paid zero company tax in this time, according to the latest data from the Australian Taxation Office (ATO).<sup>16</sup> The Queensland LNG projects are not to subject to PRRT.

Analysis by The Australia Institute<sup>17</sup> estimated the ACTU proposal would raise around \$12.5 billion annually, enough to triple the Australian government's housing expenditure.

Alternatively, the proposed tax on gas exports would be enough to:

- Cut the cost of prescriptions with a 58% increase to the pharmaceutical benefits scheme;
- Double the Australian government spending on public schools;
- Increase childcare subsidies by 75%;
- or Eliminate HECs.

## CONCLUSION

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The Australian Government has failed to prioritise the interests of the Australian community over global energy giants exporting Australia's gas. Decisions to allow virtually unrestrained gas exports have undermined domestic gas supply and driven up energy prices for Australian households and businesses, without ensuring a fair return to Australians for the

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<sup>14</sup> Verstegen, Ogge and Campbell (2024) Australia's great gas giveaway, <https://australiainstitute.org.au/post/gas-exports-56-given-to-corporations-royalty-free/>

<sup>15</sup> Australian Treasury (2023) Budget 2023-24, BP1, P.180, <https://archive.budget.gov.au/2023-24/>

<sup>16</sup> Saunders and Campbell (2025) *Gas companies in Queensland still not paying tax*, <https://australiainstitute.org.au/post/gas-companies-in-queensland-still-not-paying-tax/>

<sup>17</sup> Australia Institute (August 2025) *Media Release: ACTU plan to tax gas exports would cut energy bills and allow government to triple spending on housing*, <https://australiainstitute.org.au/post/actu-plan-to-tax-gas-exports-would-cut-energy-bills-and-allow-government-to-triple-spending-on-housing/>

once off exploitation of our natural resources. Incremental technocratic measures to address these issues since then have failed.

The ACTU's proposal for a 25% tax revenue from gas exports would simultaneously solve domestic gas supply and price issues, while ensuring a fairer return for Australians for our gas resources.