

Australia Last:

The failure of Australian gas policy

In the last five years, Australian governments have allowed export gas volumes equivalent to 20 years' worth of Australian domestic usage. Gas exports, not green tape, are undermining Australia's energy security and driving up energy prices for Australians.

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October 2025

INTRODUCTION

Gas exports are rapidly depleting Australia's gas reserves and undermining Australia's energy security.

While Australians experience high energy prices and are warned of 'energy shortages' on both the east and west coasts,¹ Australian governments continue to allow predominately foreign-owned fossil fuel companies to export record amounts of liquified natural gas (LNG). Indeed, each year the volume of gas used by Australian gas exporters is equal to around four and half years of domestic gas usage.

Gas is a finite resource that Australia does not get back once it is shipped overseas. Worse still, because gas companies tend to develop lower cost reserves first, it is the low-cost gas that is leaving Australia each year, leaving only more difficult to extract, and in turn more expensive, gas reserves for Australians to rely on in the future.

¹ Milne (2025) *Western Australia faces 'growing shortfall' of increasingly expensive gas: EnergyQuest*, <https://www.boilingcold.com.au/western-australia-faces-growing-gas-shortfall/>

The Prime Minister claims that Australia needs to develop more gas fields for electricity.² Yet over the last five years, the gas export industry has used the same amount of gas as Australia's gas-fired electricity generators would use over 46 years.

While Australia's Minister for Resources, Madeleine King, says we need new sources of gas for Australian manufacturing,³ since becoming minister she has allowed the export of as much gas as Australian manufacturing would use over 40 years.

HOW AUSTRALIAN GAS IS USED

The LNG industry is by far the biggest user of Australian gas. The Australian Government's annual energy statistics show that LNG exports use around 5,000 petajoules (PJ) of gas each year.⁴ By contrast, all of Australia's gas-fired power stations use just over 500 PJ in each year. This means that gas exports use more than 9 times more gas each year than electricity generation, as shown in Table 1 below:

Table 1: Gas usage by LNG compared to other industries and sectors, PJ

	2020	2021	2022	2023	2024
Total LNG	4,846	4,747	5,087	4,976	4,951
Total domestic usage	1,194	1,136	1,109	1,083	1,036
Manufacturing	382	395	384	369	345
Electricity	584	519	515	516	506
Households	167	166	164	147	140
LNG divided by domestic	4.1	4.2	4.6	4.6	4.8

Sources: DCCEEW (2025) Note: Data is for financial years i.e. 2020 = 2019/20

Table 1 also shows that:

- Gas exports use 13 times more gas than Australia's entire manufacturing industry each year.
- Gas exports use over 30 times more than all of the gas used by Australian households for heating and cooking.
- Dividing LNG use by domestic use shows that each year between four and five years' worth of Australia's domestic consumption is used for exports. In total,

² Evans (2025) *PM defends North West Shelf gas extension to 2070, as critics warn about net zero commitment*, <https://www.abc.net.au/news/2025-05-29/albanese-defends-woodside-north-west-extension-net-zero/105351380>

³ King (2024) *We will need new sources of gas*, <https://www.afr.com/policy/energy-and-climate/we-will-need-new-sources-of-gas-20240508-p5gz05>

⁴ DCCEEW (2025) *Australian Energy Statistics - Update Report 2025*, <https://www.energy.gov.au/publications/australian-energy-update-2025>

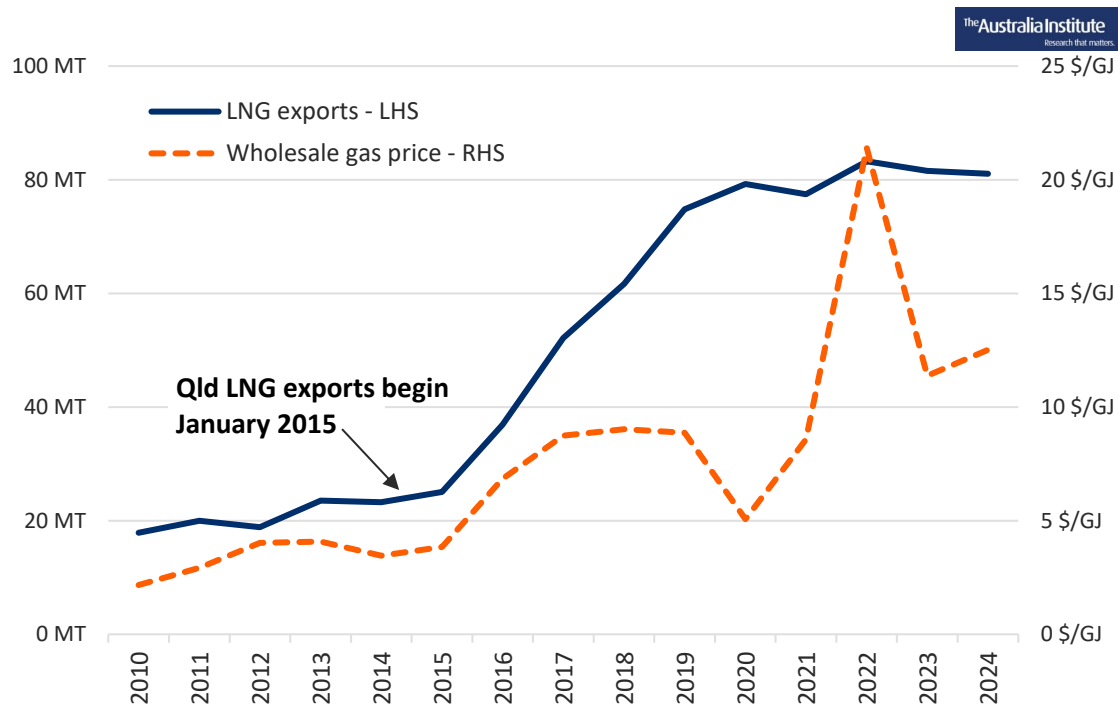
22 years' worth of domestic consumption has been used for export over the last 5 years.

- In 2023-24, 83% of all natural gas extracted in Australia was used by the LNG export industry.

Despite the evidence in Table 1, the belief that Australia suffers from some form of gas 'shortage' is widespread in political circles.

Australia is the world's second largest exporter of LNG,⁵ but the country's status as a major gas exporter is a recent phenomenon. Figure 1 below shows that Australia's growth in gas exports is recent, and that it coincides with increases in gas prices.

Figure 1: East coast gas prices increase since Queensland LNG exports commence



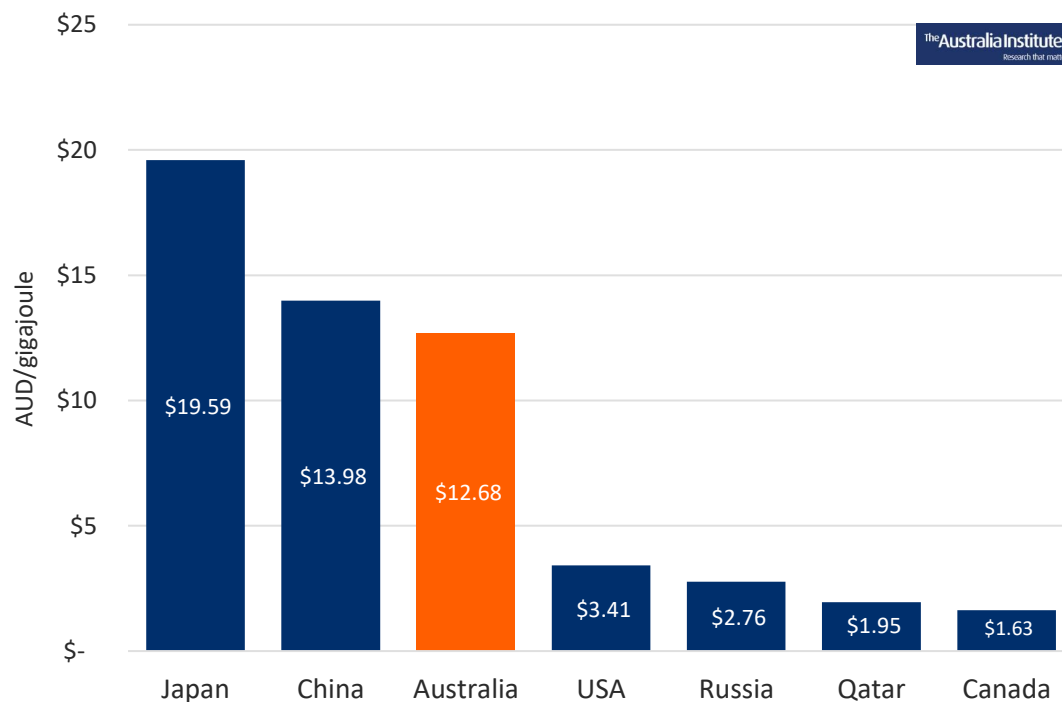
Sources: AEMO (2025) *Declared wholesale gas market prices*, <https://aemo.com.au/energy-systems/gas/declared-wholesale-gas-market-dwgm/data-dwgm/vic-wholesale-price-withdrawals>, DISR (2025) *Resources and energy quarterly* – September 2025.

Figure 1 shows that gas exports began to rise from 2015 just as gas exports from Gladstone in Queensland first began. This link to the export market was what pushed up east coast wholesale gas prices.

⁵ Calendar year 2024, International Gas Union (2025) *2025 World LNG Report*, <https://www.igu.org/igu-reports/2025-world-lng-report>

Wholesale gas prices in Australia are now so high that they are closer to those of major importers, like Japan and China, than they are to exporting countries like the USA, Canada or Qatar, as shown in Figure 2 below:

Figure 2: Wholesale gas prices, selected countries



Sources: International Gas Union (2025) *Wholesale Gas Price Survey 2025 Edition*, Figure 33, page 38. Conversion from USD/MMBTU to AUD/GJ using conversion and rates from www.xe.com and <https://www.convert-measurement-units.com>

Figure 2 shows that the wholesale gas price in Australia is just below China's, even though China is the world's largest importer of gas and Australia is a major exporter. Japan is also a major importer, yet Australia's wholesale gas price is only 35% cheaper than Japan's.

Australia is the fifth largest exporter of gas overall and the second largest exporter of LNG,⁶ yet has prices far higher than other exporters - four times higher than the USA, five times higher than Russia, seven times higher than Qatar and eight times higher than Canada.⁷

⁶ Countries like Russia, Norway and Canada export significant volumes of gas through international pipelines, rather than liquified and shipped as LNG.

⁷ International Gas Union (2025) *Wholesale Gas Price Survey 2025 Edition*, <https://www.igu.org/igu-reports/wholesale-gas-price-survey-2025-edition>, *Global Gas Report 2025*, <https://www.igu.org/igu-reports/global-gas-report-2025>

FURTHER DETAILS

While Australia's surging gas prices are due to the decision by the gas industry to spend \$70 billion building gas export facilities in Gladstone, Queensland,⁸ that linked Australia's east-coast gas market to the world gas market, the LNG export industry and successive Australian governments try to blame high gas prices on a 'shortage' of gas supply.

While examples of such blame shifting are too numerous to catalogue, a recent justification of his government's decision to approve the extension of the North West Shelf gas export project by Prime Minister Anthony Albanese shows how brazen such claims have become. When asked about the impact of his Government's decision the gas export project, the Prime Minister responded that "You can't have renewables unless you have [gas-fired] firming capacity. Simple as that." He claimed that without gas approvals "people [could] walk into this room here and flick on the switch and the lights don't go on."

Perhaps most ridiculously, he linked the North West Shelf gas export project to energy supply to the Tomago Aluminium Smelter in the New South Wales Hunter Valley:

You don't change a transition through, you know, warm thoughts. You do it through a concrete proposal, which is the expansion of renewables up to 82 per cent of the grid. But the way that that occurs is it needs firming capacity to occur. And if you look at New South Wales as a major, major user of energy – it's Tomago there in the Hunter Valley, in this region. It is a major employer there. They're moving to renewables, but they're moving to renewables backed with [gas-fired] firming capacity. That is how they have the confidence to be able to do so.⁹

To be clear, there is literally no link between the North West Shelf gas project and the Tomago aluminium smelter. There is no pipeline connecting Western Australia and New South Wales, so any increase in gas production from Woodside's NWS project can do nothing to help 'firming capacity', 'renewable transition' or the Tomago aluminium smelter in the slightest. Indeed, even if a ship full of LNG were to sail from Western Australia to New South Wales, it would be impossible to remove the gas from the vessel as there are no gas import terminals in Australia, only export terminals. The

⁸ Annett (2017) *Tough new rules weeks away for \$70b Curtis Island plants*, Courier Mail 10 June 2107, <https://www.couriermail.com.au/news/queensland/gladstone/tough-new-rules-weeks-away-for-70b-curtis-island-plants/news-story/91558fbda915364f6944bea304f8c665>

⁹ Department of Prime Minister and Cabinet (2025) *Albanese, Anthony – Presse Conference Transcript 26/5/2025*, <https://pmtranscripts.pmc.gov.au/release/transcript-46764>

Prime Minister was quite clearly, and deliberately, misleading Australians in an attempt to persuade them that there were domestic economic benefits in New South Wales from the approval of a large gas export project in Western Australia.

Anthony Albanese's Resource Minister, Madeliene King, obviously knows how misleading her leader was being. She recently dismissed concerns about Japan taking Australian gas and causing a domestic gas shortage by saying:

Gas to Japan is exported out of Darwin and Western Australia. So if the argument is somehow if we stopped exporting gas to Japan from Western Australia and NT that it would suddenly become available to shore up supplies in the East Coast, well, that is just manifestly incorrect, because there's no - that's not a joined up system, and Western Australian gas does not have a pipeline to the east...¹⁰

But as the absurdity of the claim that Australia needs to approve new gas projects like the North West Shelf to help the Australian economy becomes clear, new misleading claims about the role gas exports play in not just Australia's national security, but peace in the Asia-Pacific region, are beginning to emerge. For example, the Minister for Resources, Madeliene King, recently declared:

Our northern coastline lies on the doorstep of the four largest LNG importing countries – Japan, China, South Korea and India.

LNG produced off the coast of Western Australia and shipped to these nations ensures **they can power their cities; their homes and their industry.**

But LNG produced here does so much more than that: it ensures regional energy security, which in turn **plays a critical role in regional stability and prosperity.**¹¹ [emphasis added]

And:

Today, Australia is Japan's single largest provider of energy. It is estimated our LNG and coal exports support around eight hours of power generation a day in Japan.

¹⁰ King (2024) *Interview with Patricia Karvelas, ABC Radio National – 25 June 2024*, <https://www.minister.industry.gov.au/ministers/king/transcripts/interview-patricia-karvelas-abc-radio-national-0>

¹¹ King (2025) *Address to Indian Ocean Defence and Security 2024*, <http://minister.industry.gov.au/ministers/king/speeches/address-indian-ocean-defence-and-security-2024>

So that means that we, a country with a population of 25 million, provides vast energy resources for a country of 125 million people. Those figures of themselves **demonstrate the responsibility Australia has to ensure that this energy security is maintained, not only for Japan, but for our other important regional neighbours.**¹² [emphasis added]

More recently Minister King told an audience of Japanese investors:

...what makes Australia really relevant in that region, is our energy exports, they put us in a very good place to be able to speak with strength about international issues.

A strong Japan means a strong Australia and a strong Indo-Pacific, and a secure Indo-Pacific and a peaceful Indo-Pacific.¹³

The Director General of Australia's Office of National Intelligence, Andrew Shearer told the same audience:

Energy security remains central to regional stability, just as Australian LNG remains a vital pillar of Japan's energy security, the transition to renewables and next-generation grids must be managed, not only for efficiency, but also for security and resilience.¹⁴

The idea that Australia's national security, or indeed Indo-Pacific regional security, depends on Australia to continue to approve new gas export projects is as absurd as the idea that Australia has a 'shortage' of gas. But absurd ideas often endure in Australian public debates about energy.

That said, it is becoming increasingly apparent that the Albanese Government will need to choose between its argument that Australia needs to approve new gas projects to solve a domestic 'supply shortage', and its argument that Australia needs to export more gas to help Japan and other Asian countries with their power prices. And it is also becoming increasingly apparent they will choose to focus on the 'regional security' excuse.

One challenge the Albanese Government will face convincing Australians of the need to approve new gas projects to help our trading partners is that many of the countries that buy significant amounts of Australian gas already have cheaper energy prices

¹² King (2025)

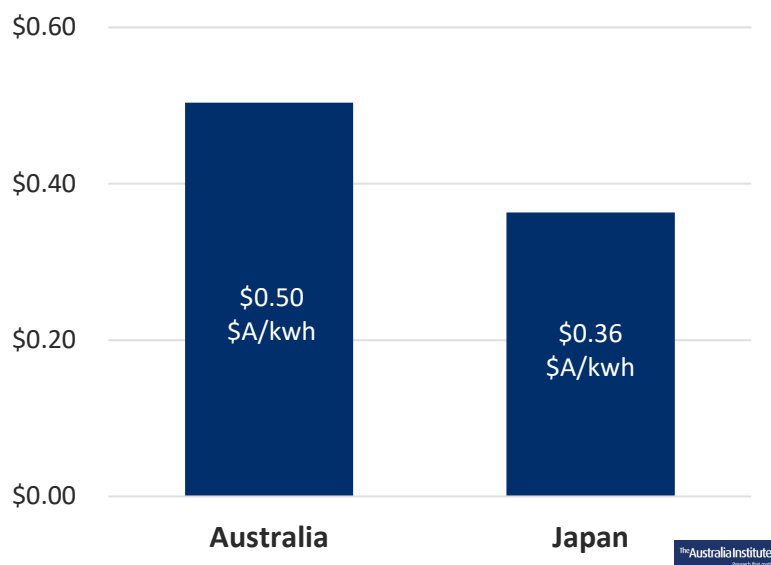
¹³ Rabe (2025) *Australian gas keeps the peace in Indo-Pacific: King*, AFR 6 October 2025, <https://www.afr.com/politics/federal/australian-gas-keeps-the-peace-in-indo-pacific-king-20251006-p5n0gr>

¹⁴ Rabe (2025)

compared to what Australian households and businesses have become accustomed to paying.

As shown in Figure 2, Australian consumers are already paying higher prices for electricity than households in Japan. Indeed, if the average Australian household could access the same electricity prices available in Tokyo then they could save close to \$550 a year.¹⁵

Figure 2: Retail electricity prices in Australia (Sydney) and Japan (Tokyo)



Sources: Sydney - AER (2025) *Default Market Offer*, <https://www.aer.gov.au/industry/registers/resources/reviews/default-market-offer-prices-2025-26>; Tokyo - TEPCO (2025) *Price information*, <https://www.tepco.co.jp/ep/private/plan/standard/kanto/index-j.html>

Note: Comparison of AER's Default Market Offer (Aust) vs TEPCO standard plan (Japan)

Indeed, while the Australian steel industry is concerned about how domestic manufacturers struggling with high energy prices can compete with what they see as low-cost, low-quality steel imports into Australia, the Australian Minister for Resources is determined to ensure that our competitors continue to have access to lower cost energy than Australians.

CONCLUSION

Australia's energy policy is unique in the world. We are one of the world's largest exporters of gas and coal, yet our governments regularly claim that Australia faces a shortage of energy.

¹⁵ Based on AER's Default Market Offer usage of 3,900 kwh per year.

Unlike Saudi Arabia, Qatar and Norway, Australia has failed to convert its energy export into large tax revenues, with more than half the gas we export being given away for free. In return, due to a lack of export controls or a domestic gas reservation, gas prices in Australia are many times higher than in most of the other major gas exporting countries.¹⁶

And despite the existing generosity of the Australian people, the Minister who is supposed to be responsible for ensuring that Australia's resources deliver benefits to the Australian people, is focussed on reassuring foreign investors and foreign governments that her government will continue to put the interests of Australians behind the interests of our export customers, even when the citizens of countries with no energy resources of their own are getting cheaper electricity than Australians.



¹⁶ International Gas Union (2025) *Wholesale Gas Price Survey 2025 Edition*, <https://www.igu.org/igu-reports/wholesale-gas-price-survey-2025-edition>, *Global Gas Report 2025*, <https://www.igu.org/igu-reports/global-gas-report-2025>