

Understanding the December 2025 gas policy scramble

The Albanese Government has acknowledged Australia's gas export problem. However, rather than implement a tax that would reduce domestic prices, raise revenue and help the climate, the government looks to be weighing options that favour either Santos or its rivals Origin and Shell.

Date: December 2025

INTRODUCTION

The Albanese Government has accepted that gas exports are causing supply shortages and raising energy prices for Australians, and that the only way to reduce gas prices is to limit exports.

Australia's gas policy mess presents three problems:

- High domestic prices
- Little revenue raised from sale of resources
- Bad climate policy

All three problems would be solved by a direct tax on gas exports, as proposed by the ACTU. This would reduce prices, raise \$17 billion per year and provide a disincentive for fossil gas use.

As shown in other policy areas, however, the Albanese Government prefers not to address structural issues, but to deal with the immediate political problem which in this case is high domestic gas prices.

A FIGHT AMONG GAS COMPANIES

Rather than a tax on all gas exports, the government is reported to be weighing two policy options that would favour rival gas companies, and that may or may not be effective in reducing gas prices for some users.

Option 1: Focus on Exporters

This approach would impose restrictions solely on the three major Queensland LNG export projects operated by Origin, Shell and Santos.

Winners: Origin and Shell. Losers: Santos.

- Origin & Shell already produce more than they need to meet export contracts
- They can divert this supply to Australian customers with minimal disruption
- Santos cannot meet its export commitments from its own production
- Santos buys from the domestic market to meet export contracts. This is a key driver of higher domestic prices. This would penalise Santos by making it harder to buy from other suppliers for export.

Option 2: Market-wide focus on all gas producers

Winner: Santos. Losers: everyone else

This would basically see all producers – all exporters and non-exporters – forced to collaborate to increase domestic supply, rather than just Santos.

POLITICAL IMPLICATIONS

Santos has huge political influence in South Australia, CEO Kevin Gallagher was named the most powerful person in South Australia by *The Advertiser* in 2023. The company has strong ties to senior SA Labor figures.

By contrast, Labor MPs in NSW, Qld and Vic have links to manufacturers and industrial facilities that have been negatively affected by Santos's domestic purchases over the last 10 years. Sen Tim Ayers for example is vocal in his support for the Tomago Aluminium Smelter.

In simplistic terms, this is Santos and SA Labor against NSW/Vic/Qld gas users and Labor.

CONCLUSION

This week's policy scramble is a fight between the three big gas exporters led by Origin (APLNG) Shell (QCLNG) and Santos (GLNG).

Origin and Shell are on one side. They both have surplus gas and want to continue exporting as much uncontracted gas to the global spot market as possible ahead of supplying Australians. Option 1.

Santos don't have enough gas and want to continue taking gas the Australian market to meet their contracts. Option 2.

Both are lobbying the Albanese Government to get a "reservation policy" that benefits them.

But this is a false choice. Origin and Shell should not be allowed to export surplus gas to the global spot market ahead of supplying Australians, and Santos should not be allowed to take gas from the Australia market for export.

The Albanese Government doesn't have to pick between policies that are good for different gas companies, they should implement a policy in the best interests of Australians. A 25% tax on gas exports would increase domestic supply raise \$17 billion for the Australian community.