

We have already missed out on \$63.8 billion in taxes from gas exports

A 25% tax on natural gas exports could have eased the pain of global energy price spikes

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March 2025

WHAT IF? A 25% TAX ON NATURAL GAS EXPORTS FROM 2022-23

On the 24th of February 2022 Russia invaded Ukraine. The invasion caused a spike in global crude oil prices because Russia is a major global exporter of fossil fuels.

Natural gas prices tend to follow crude oil prices because these fossil fuels often come from the same drilling platforms. One can be substituted for the other in many cases, including for the generation of heat and electricity.

Before Russia's invasion of Ukraine, the average price of natural gas exported from Australia was \$A530 per tonne of Liquefied Natural Gas (LNG).¹ But in the latter half of 2021-22, because of Russia's invasion, LNG prices spiked to \$848 a tonne. In 2022-23 prices further skyrocketed to \$1,311 a tonne.

As of December 2025 the price of LNG was \$767 a tonne, which is 45% above the pre-2022 average price of \$530 a tonne. Prices will clearly remain well above the long run historical average for the foreseeable future.

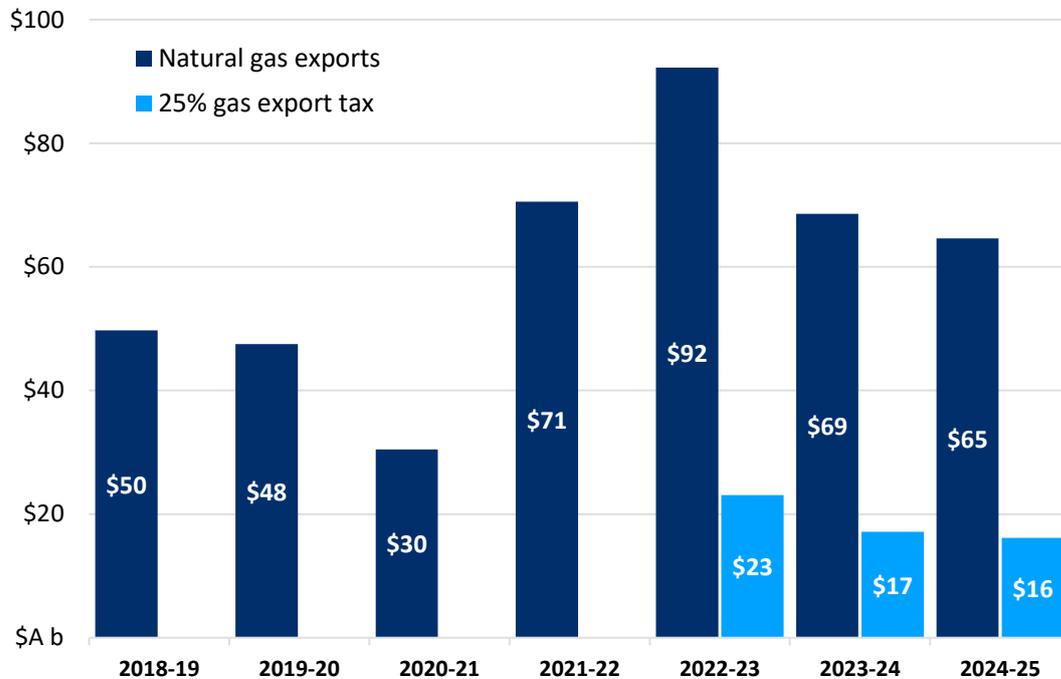
Australia's wealth of natural gas reserves mean that the Commonwealth could be benefitting from these high prices.

The Albanese government was elected to office on 21 May 2022.

¹ Unit export prices. DISR (2025) *Resources and energy quarterly*, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-september-2025>

If the first policy of the Albanese government had been to enact a 25% tax on Australia’s natural gas exports, and if this policy had taken effect on 1 July 2022, it would have raised \$23 billion in additional tax revenue in 2022-23 alone (Figure 1).

Figure 1: Australian natural gas exports vs 25% gas export tax, \$AUD billion



Sources: Estimates using DISR (2025)

As shown in Figure 1, a 25% gas export tax would have raised \$17 billion in 2023-24, and \$16 billion in 2024-25. This means that, in the past three years, the Australian government could have collected a total of \$56.4 billion from a 25% tax on gas exports. If the six months from July to December 2025 were also included, the Albanese government could have already received \$63.8 billion from a 25% tax on gas exports (Table 1).

Table 1: Natural gas exports and 25% export tax revenue, \$AUD billion

	2022-23	2023-24	2024-25	Jul-Dec 2025	Total
Natural gas exports	\$92.2	\$68.6	\$64.6	\$29.8	\$255.3
25% gas export tax	\$23.1	\$17.1	\$16.2	\$7.46	\$63.8

Sources: Estimates using DISR (2025)

If the current price of \$767 a tonne of LNG continues into the future, the 25% gas export tax would raise close to \$15 billion a year.

This money could be put to any number of good uses. The \$63.8 billion that could have been raised since 2022 is enough for the Albanese government to have deposited \$2,500 into the bank accounts of each and every Australian, including children.

Alternatively, the money could have been used to help pay for a range of social services. According to research from the Parliamentary Budget Office (PBO) \$63.8 billion is enough to fund free university and TAFE education for at least five years.² The PBO estimates future annual costs for university and TAFE of about \$12 billion a year, which could easily be paid for with the revenue generated by a 25% tax on gas exports at current LNG prices. Alternatively, \$63.8 billion is enough to fund free universal early childhood education and childcare for seven years.³ The PBO estimates that future annual costs of universal early childhood education and childcare to be approximately \$8.7 billion a year, which would be also easily covered by a 25% tax on gas exports at current LNG prices.

High gas prices present an opportunity for the Australian Government to increase revenue to pay for public services. Other major gas exporting nations, such as Qatar, raise significantly more government revenue from LNG exports than the Australian Government.⁴ Norway is another major exporter of fossil fuels. In Norway, however, they tax the fossil fuel industry and give kids free university education, while in Australia we subsidise the fossil fuel industry and charge kids a fortune to go to university.⁵ The \$63.8 billion that a 25% tax on natural gas exports would have raised in just the past three years shows how different this could be.



² PBO (2025) *Make university and TAFE free*, <https://www.pbo.gov.au/elections/2025-general-election/2025-election-commitments-costings/Make-university-and-TAFE-free>

³ PBO (2025) *Free, universal and high-quality early childhood education and care*, <https://www.pbo.gov.au/elections/2025-general-election/2025-election-commitments-costings/free-universal-and-high-quality-early-childhood-education-and-care>

⁴ Saunders and Campbell (2025) *Government revenue from LNG exports: Australia vs Qatar*, <https://australiainstitute.org.au/wp-content/uploads/2026/01/P1816-Government-revenue-from-LNG-Qatar-vs-Aus-Web.pdf>

⁵ Denniss (2024) *Richard Denniss: National Press Club Address*, <https://australiainstitute.org.au/post/richard-denniss-national-press-club-address/>