

# No new gas and coal

## Practical policies for ending Australia's production and export of fossil fuels

---

*Since signing the Paris Agreement in 2015, Australia's fossil gas exports have doubled, and coal exports have increased significantly. Large exporters of fossil fuels, like Australia, avoid scrutiny of their inaction on climate by emphasising domestic emissions and avoiding discussion on fossil fuel production. The Santa Marta Conference on Transitioning Away from Fossil Fuels offers an opportunity to focus on fossil fuels and how countries like Australia can phase them out. This report covers four simple steps: 1) Ban new gas and coal projects; 2) Establish a timeline for a fossil fuel phase-out; 3) Eliminate fossil fuel subsidies; 4) Increase taxes on fossil fuel production.*

Rod Campbell

Matthew Saunders

Mark Ogge

Louise Morris

April 2026

## **The Australia Institute – Research that matters**

Established in 1994, The Australia Institute is an independent public policy think tank with offices in Canberra, Hobart, Melbourne and Adelaide providing intellectual and policy leadership across a broad range of economic, social and environmental topics. We conduct research that drives the public debate and secures policy outcomes that make Australia better – research that matters.

The Australia Institute is funded by donations from philanthropic trusts and individuals, as well as grants and commissioned research from business, unions and non-government organisations. We do not accept donations or commissioned work from political parties. With no formal political or commercial ties, the Institute maintains its independence while advancing a vision for a fairer Australia.

Donations to our Research Fund are tax deductible, and can be made via our website or by calling the Institute:

Level 1, Endeavour House,  
1 Franklin St Canberra,  
ACT 2601

Tel: (02) 6130 0530

Email: [mail@australiainstitute.org.au](mailto:mail@australiainstitute.org.au)

Website: [www.australiainstitute.org.au](http://www.australiainstitute.org.au)

## **Acknowledgement of Country**

The Australia Institute recognises the ancestral connections and custodianship of Traditional Owners throughout Australia. We pay respect to Aboriginal and Torres Strait Islander cultures and to Elders past and present.

# Summary

Addressing climate change requires ending the production and use of fossil fuels. Yet global climate change discussions rarely focus on phasing out fossil fuels, and instead concentrate on accounting frameworks for greenhouse gas emissions. Fossil fuels were not even mentioned in the text of United Nations climate discussions until 2023.

Major fossil fuel producing and exporting countries, such as Australia, exploit the international community's tendency to discuss emissions rather than fossil fuel supply. Australian leaders often use the nation's meagre achievements in reducing domestic emissions to avoid scrutiny of Australia's reckless expansion of fossil fuel supply. Australia now produces and exports more fossil fuel than it did when it joined the Paris Agreement in 2015. Since then, Australia's gas exports have doubled, and thermal coal exports have increased significantly.

In this context, The Australia Institute welcomes the opportunity to participate in the First Conference on Transitioning Away from Fossil Fuels, to be hosted by Colombia and the Netherlands in Santa Marta, Colombia, in April 2026. This conference represents an opportunity to increase attention on fossil fuel supply and how it can be phased out.

This report outlines four simple steps that Australia could take to phase out fossil fuels.

## **1. Ban new gas and coal projects**

The first step towards ending the mining of fossil fuels is to stop starting new mines.

The importance of restricting fossil fuel supply and stopping new mines is demonstrated by recent Australian experience. Community and civil society opposition to three new South Korean-backed coal mines saw all three proposals abandoned. South Korea did not simply source coal from elsewhere, but instead shifted its energy policy, bringing forward its coal phase out plans from 2050 to 2040.

More than 180 moratoria, bans or limits on the extraction or production of specific fossil fuels that have already been introduced worldwide at various levels of government.

## **2. Establish a timeline for the phase-out of gas and coal production**

A ban on new gas and coal projects needs to be supported with an explicit government commitment for when widespread fossil fuel production and use would end. Modelling shows that to avoid the worst impacts of climate change, governments need to go beyond halting the *expansion* of the fossil fuel industry and rapidly reduce production from *existing* mines. Without explicit legislation stating the dates by which the production of fossil fuels will no longer be allowed, business and communities have little incentive to plan or adapt.

### **3. Eliminate fossil fuel subsidies**

A basic principle of economics is that governments should tax things they want less of and subsidise things they want more of. Subsidising the production and use of fossil fuels is the last thing that governments should do if they are serious about climate action.

Numerous international organisations have called for an end to fossil fuel subsidies and there is a long record of governments committing to end fossil fuel subsidies and then failing to do so. Australia has committed to phase out fossil fuel subsidies in 2009, 2023 and 2025, yet in 2025-26, fossil fuel subsidies in Australia hit record levels. These subsidies are greater than the total spent on Australia's army or air force—money that could be redirected towards decarbonisation efforts or other socially beneficial uses.

### **4. Increase taxes on the production**

Taxing the production and export of fossil fuels at higher rates would discourage their proliferation. Australian governments collect little revenue from fossil fuels.

The Australian Taxation Office has labelled the oil and gas industry “systemic non-payers” of tax. Australia collects more public revenue from the repayment of student loans than it does from gas exporters under its Petroleum Resource Rent Tax. Australia's nurses, teachers and beer drinkers each pay more tax than the gas industry.

Unsurprisingly, there are widespread calls in Australia to increase taxes on the fossil fuel industry, particularly gas exporters.

Like most simple, effective ideas, these ideas are not new; they build on decades of opposition to Australia's fossil fuel industry, usually led by local communities, Indigenous groups and Pacific Island leaders. The Santa Marta Conference on Transitioning Away from Fossil Fuels represents an opportunity to present these old ideas to a new audience.

# Introduction

Addressing climate change requires ending the production and use of fossil fuels. Climate scientists have found that to meet the objectives of the Paris Agreement, “nearly 60% of oil and fossil methane gas, and 90% of coal must remain unextracted.”<sup>1</sup>

Despite this, global climate change discussions focus not on phasing out fossil fuels, but instead on accounting frameworks for greenhouse gas emissions. Fossil fuels were not even mentioned in the text of United Nations climate discussions until 2023.<sup>2</sup>

In this context, The Australia Institute welcomes the opportunity to participate in the First Conference on Transitioning Away from Fossil Fuels, to be hosted by Colombia and the Netherlands in Santa Marta, Colombia, in April 2026. This conference represents an opportunity to increase attention on fossil fuel supply and how it can be phased out.

Australia is important for this conference because it is a major fossil fuel exporter—either the second or third largest in the world depending on the year and the metric.<sup>3</sup> Even worse, Australia’s production and export of fossil fuels is increasing not decreasing. When Australia signed the Paris Agreement in 2015, the nation produced 30 million tonnes of liquefied natural gas (LNG) and exported 202 million tonnes of thermal coal. A decade later in 2025, LNG production had more than doubled to 79 million tonnes and thermal coal exports increased to 208 million tonnes.<sup>4</sup>

These statistics on increasing fossil fuel supply are official Australian Government figures, yet Australia’s leaders rarely discuss them. Instead, Australian ministers prefer to point to the country’s domestic emissions reductions—reductions that stem from both genuine progress in renewable energy expansion and on carbon offset policies that are widely seen as fraudulent.<sup>5</sup>

---

<sup>1</sup> Welsby et al (2021) ‘Unextractable fossil fuels in a 1.5 °C world’, *Nature*, <https://www.nature.com/articles/s41586-021-03821-8>

<sup>2</sup> United Nations Framework Convention on Climate Change (2023) *COP28 Agreement Signals “Beginning of the End” of the Fossil Fuel Era*, <https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era>

<sup>3</sup> Grant & Hare (2024) ‘Australia’s global fossil fuel carbon footprint’, *Climate Analytics*, <https://climateanalytics.org/publications/australias-global-fossil-fuel-carbon-footprint>; Swann (2019) *High Carbon from a Land Down Under: Quantifying CO2 from Australia’s fossil fuel mining and exports*, <https://australiainstitute.org.au/report/high-carbon-from-a-land-down-under-quantifying-co2-from-australias-fossil-fuel-mining-and-exports/>

<sup>4</sup> Australia’s Office of the Chief Economist (2025) *Resources and energy quarterly December 2025 – Historical data*, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-december-2025>

<sup>5</sup> Australian National University (2022) *Australia’s carbon market a ‘fraud on the environment’*, <https://law.anu.edu.au/news-and-events/news/australias-carbon-market-fraud-environment>

This is how Australian Governments exploit the international community's tendency to discuss emissions rather than fossil fuel supply. The governments of other major fossil fuel producing countries do the same thing. As signatories of the Fossil Fuel Non-Proliferation Treaty point out, this trick of discussing emissions and not fossil fuel supply "has allowed countries and companies to claim to be climate leaders while continuing to open, approve and fund new fossil fuel projects."<sup>6</sup>

Australia is no climate leader. Australia's emissions have barely changed since 2005 once dubious land sector activities are omitted.<sup>7</sup> Instead of actual decarbonisation, Australian governments prioritise complicated emissions policies and offset frameworks that are not effective. The complexity of these policies is not an accident: the more complex the policy, the more difficult it is for the Australian public to engage in debate about climate policy. Instead, climate policy debate is quickly dominated by fossil fuel companies that have the resources, time and motive to master the frameworks and their relevant jargon.

The Santa Marta conference offers an opportunity to avoid the deliberate complexity of emissions calculations and focus on a simple question: how are nations phasing out fossil fuel supply and trade?

Policies that focus on the supply of fossil fuels have numerous economic and political advantages over emissions-focused or "demand-side" policies. Without policies to reduce fossil fuel supply, governments are "cutting with one arm of the scissors."<sup>8</sup>

One key advantage of policies to reduce fossil fuel supply is their simplicity. In this paper, we discuss how Australia could phase out fossil fuels with minimal economic impact by implementing the following policies:

1. Ban new gas and coal projects
2. Establish a timeline for the phase-out of gas and coal production
3. Eliminate fossil fuel subsidies
4. Increase taxes on the production

While this report focuses on Australia, it is likely that this approach could be applicable in other major fossil fuel supplying countries.

---

<sup>6</sup> Fossil Fuel Non-Proliferation Treaty Initiative (2024) *Join the call for a fossil fuel treaty to manage a global transition to safe, renewable & affordable energy for all.*

<sup>7</sup> Jericho (2025) *Four charts that give you the good and bad news of the newest greenhouse gas update*, <https://thepoint.com.au/off-the-charts/251127-four-charts-that-give-you-the-good-and-bad-news-of-the-newest-greenhouse-gas-update>

<sup>8</sup> Green and Denniss (2018) 'Cutting with both arms of the scissors: the economic and political case for restrictive supply-side climate policies', *Climatic Change*, <https://link.springer.com/article/10.1007/s10584-018-2162-x>

# 1. Ban new gas and coal projects

The first step towards ending the mining of fossil fuels is to stop starting new mines.

The Australian Government has no plan to limit the expansion of gas and coal production. Almost 100 new fossil fuel projects are under development in Australia, which, if they proceed to production, would cause billions of tonnes of greenhouse gas emissions each year.<sup>9</sup> In 2025, the Australian Government approved a 45-year expansion of the country's largest gas export terminal,<sup>10</sup> and according to the International Energy Agency, Australia has the largest pipeline of coal export projects in the world.<sup>11</sup>

As a major producer of fossil fuels, a decision by the Australian Government to ban approvals for new gas and coal projects, including expansions of existing projects, would send a powerful diplomatic message that Australia is serious about climate action. It would also lead to a significant reduction in global emissions.

The importance of ending new sources of fossil fuel supply, and the resulting impact on fossil fuel demand, is clear from recent Australian experience.

Through the 2010s, South Korean firms proposed three new coal mines in the Australian state of New South Wales (NSW). All three mines were opposed by local communities and by organisations like The Australia Institute, Lock the Gate and the Environmental Defenders Office. All three mine projects were eventually abandoned – either failing to get development approval or otherwise unable to proceed.

By stopping these mines, Australia contributed to major changes in Korean climate policy. Korean power company KEPCO committed to a coal phase out in 2022, following the rejection of its mine proposal at Bylong, NSW.<sup>12</sup> Without this phase out commitment from a major, government-linked company, it would have been far more difficult for the Korean

---

<sup>9</sup> The Point (2025) *Latest list of new mine proposals reveals 97 new coal and gas projects are under development*, <https://thepoint.com.au/news/251219-latest-list-of-new-mine-proposals-reveals-97-new-coal-and-gas-projects-are-under-development>

<sup>10</sup> The Australia Institute (2025) *North West Shelf final approval a climate, economic and energy security disaster*, <https://australiainstitute.org.au/post/north-west-shelf-final-approval-a-climate-economic-and-energy-security-disaster/>

<sup>11</sup> International Energy Agency (2024) *Coal 2024: Analysis and forecast to 2027*, p 98, <https://www.iea.org/reports/coal-2024>

<sup>12</sup> Climate Action 100+ (2022) *KEPCO commits to carbon neutrality and coal phase out by 2050*, <https://www.climateaction100.org/news/kepcocommits-to-carbon-neutrality-and-coal-phase-out-by-2050/>

Government to join the Powering Past Coal Alliance and bring forward its coal phase out date from 2050 to 2040.<sup>13</sup>

To be clear, stopping coal mines in Australia resulted in Korea reducing its coal demand. Korea did not simply decide to source coal from elsewhere. Stopping new mines sends a clear message to coal buyers that they need to change their plans. Similar outcomes could be expected if oil and gas supplies are restricted. Indeed, at the time of writing, the supply of oil and gas is being restricted by war and the closure of the Strait of Hormuz. The reaction of gas and oil customers has been to change plans at different scales. A Vietnamese power plant development is shifting from LNG to renewables.<sup>14</sup> Australian car drivers are shifting more rapidly to electric vehicles.<sup>15</sup>

Australia's state of New South Wales (NSW) has recently introduced a ban on new coal mines, although it will allow expansions of existing mines beyond their current approvals.<sup>16</sup> The NSW policy joins 182 moratoria, bans or limits on the extraction or production of specific fossil fuels that have already been introduced worldwide at various levels of government.<sup>17</sup>

Importantly, a policy to phase out coal by ending new approvals is expected to have little economic impact on NSW, even though it is a major coal-producing state. Modelling by the state government shows that phasing out coal production by 2042 results in a change in economic output of less than 1%.<sup>18</sup> This mirrors earlier modelling by The Australia Institute and Victoria University showing a moratorium on new coal mines and mine expansions would have minimal effect on Australia's economic growth and employment.<sup>19</sup>

The economic impact is small because a moratorium on new mines and expansions allows for an orderly and gradual reduction in mining output. There is adequate time for

---

<sup>13</sup> Campbell (2025) *Australia's big climate win – stopping Korean coal mines*,

<https://thepoint.com.au/news/251126-australias-big-climate-win-stopping-korean-coal-mines>

<sup>14</sup> Guarascio (2026) *Vingroup proposes scrapping LNG-powered plant plan for renewables amid Iran war, document shows*, <https://www.reuters.com/sustainability/climate-energy/vingroup-proposes-scrapping-lng-powered-plant-plan-renewables-amid-iran-war-2026-03-31/>

<sup>15</sup> Morris & Rimrod (2026) *Australia's EV sales surge in March amid growing fuel security fears, rising petrol prices*, <https://www.abc.net.au/news/2026-04-07/australia-ev-sales-spike-amid-fuel-fears-rising-petrol-prices/106516598>

<sup>16</sup> Bennett & Campbell (2026) *NSW bans new coal mines in landmark shift towards fossil fuel phase-out*, <https://thepoint.com.au/news/260321-nsw-bans-new-coal-mines-in-landmark-shift-towards-fossil-fuel-phase-out>

<sup>17</sup> Fossil Fuel Non-Proliferation Tracker (2024), <https://fossilfueltracker.org/app/ffnpt>

<sup>18</sup> NSW Treasury (2021) *The sensitivity of the NSW economic and fiscal outlook to global coal demand and the broader energy transition for the 2021 NSW Intergenerational Report*, page 19, [https://www.treasury.nsw.gov.au/sites/default/files/2021-05/2021\\_igr\\_ttrp\\_-\\_the\\_sensitivity\\_of\\_the\\_nsw\\_economic\\_and\\_fiscal\\_outlook\\_to\\_global\\_coal\\_demand\\_and\\_the\\_broader\\_energy\\_transition\\_for\\_the\\_2021\\_nsw\\_intergenerational\\_report.pdf](https://www.treasury.nsw.gov.au/sites/default/files/2021-05/2021_igr_ttrp_-_the_sensitivity_of_the_nsw_economic_and_fiscal_outlook_to_global_coal_demand_and_the_broader_energy_transition_for_the_2021_nsw_intergenerational_report.pdf)

<sup>19</sup> Denniss et al (2016) *A Coal Moratorium and the Australian Economy*, <https://australiainstitute.org.au/report/a-coal-moratorium-and-the-australian-economy/>

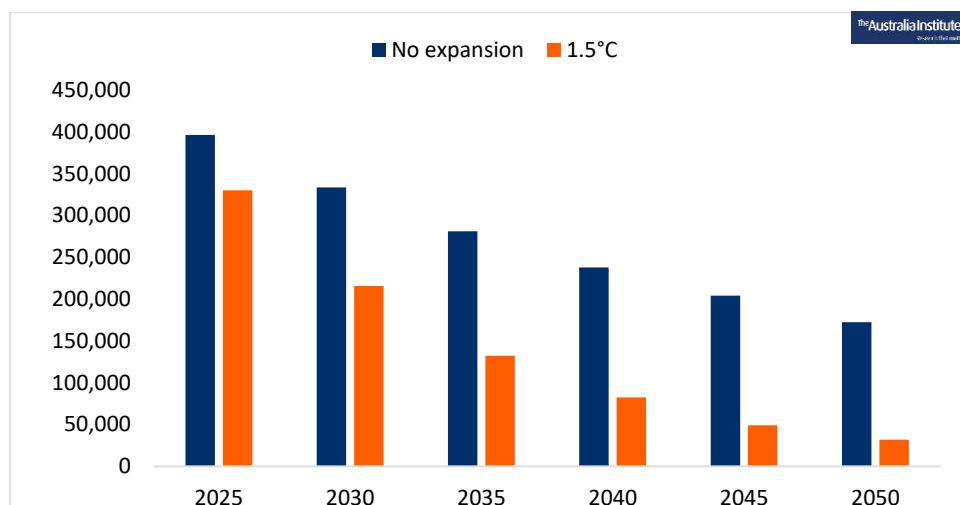
investment and resources to shift to other industries, and existing mines are better able to plan for the future of their assets, employees and rehabilitation obligations.

## 2. Establish a timeline for the phase-out of gas and coal production

A phase out of fossil fuels should begin with a ban on new gas and coal projects, but needs to be supported with an explicit government commitment for when widespread fossil fuel production and use would end.

This is demonstrated in a 2021 report prepared for the Fossil Fuel Non-Proliferation Treaty Initiative that models the gradual decline of fossil fuel production if expansion of the industry were halted globally.<sup>20</sup> In Figure 1, these production levels are compared with the rates of decline needed to keep emissions within the allowable carbon budget to limit warming to 1.5°C. This modelling demonstrates that to avoid the worst impacts of climate change, governments need to go beyond halting the *expansion* of the fossil fuel industry and rapidly reduce production from *existing* mines.

**Figure 1: Global fossil fuel production, petajoules per year**



Source: Teske and Niklas (2021) *Fossil Fuel Exit Strategy*

To date, there are no policies in Australia to enable an orderly and accelerated reduction in the production of fossil fuels. Implicit in this position is the assumption that market signals will tell fossil fuel producers when to cease their operations. However, between 2010 and 2022 the oil and gas industry invested \$473 billion into expanding production in Australia.<sup>21</sup> Without explicit legislation stating the dates by which the production of fossil fuels will no longer be allowed, business and communities have little incentive to plan or to adapt.

<sup>20</sup> Teske & Niklas (2021) *Fossil Fuel Exit Strategy*, <https://fossilfuel treaty.org/exit-strategy>

<sup>21</sup> Australian Petroleum Production & Expansion Association Ltd (2022) *Key Statistics: 2022*, [https://energyproducers.au/wp-content/uploads/2022/06/APPEA\\_KS22\\_final.pdf](https://energyproducers.au/wp-content/uploads/2022/06/APPEA_KS22_final.pdf)

To address this gap in policy, a dedicated authority could be given responsibility for devising and coordinating this closure timeline. In 2024, the Australian Government established a Net Zero Economy Authority (NZEA) with a broad mandate to promote policy coordination, facilitate investment and support workers through the energy transition.<sup>22</sup> The Government could also grant the NZEA the authority to enforce timelines for the end of fossil fuel use.

---

<sup>22</sup> Denniss et al (2024) *No Jobs on a Dead Planet: Submission on the Net Zero Economy Authority Bill 2024 and the Net Zero Economy Authority (Transitional Provisions) Bill 2024*, <https://www.aph.gov.au/DocumentStore.ashx?id=f1bd669d-39b9-4ead-9c18-5a806ae826ba&subId=754912>

### 3. Eliminate fossil fuel subsidies

A basic principle of economics is that governments should tax things they want less of and subsidise things they want more of.<sup>23</sup> Subsidising the production and use of fossil fuels is the last thing that governments should do if they are serious about climate action.

Unsurprisingly, numerous international organisations have called for an end to fossil fuel subsidies, including the International Monetary Fund,<sup>24</sup> International Energy Agency,<sup>25</sup> and Intergovernmental Panel on Climate Change.<sup>26</sup>

These agencies point out that money saved from fossil fuel subsidies can be redirected to cleaner technologies and compensating for social costs involved with phasing out fossil fuel production.

There is a long record of governments committing to end fossil fuel subsidies and then failing to do so. At the G20 forum in 2009, Australia committed to phase out fossil fuel subsidies.<sup>27</sup> A similar commitment was made in 2023,<sup>28</sup> and again in 2025.<sup>29</sup>

Despite these multiple commitments, in 2025-26, fossil fuel subsidies from Australian state and federal governments totalled \$16.3 billion.<sup>30</sup> This is more than was spent on Australia's army or air force, and was an increase of 9.4% on the \$14.9 billion recorded in 2024-25.<sup>31</sup>

The largest fossil fuel subsidy is the Fuel Tax Credit Scheme, which cost the Federal Budget \$10.8 billion in 2025-26. The Scheme refunds fuel tax paid by major fossil fuel users,

---

<sup>23</sup> Denniss (2024) *Richard Denniss: National Press Club Address*, <https://australiainstitute.org.au/post/richard-denniss-national-press-club-address/>

<sup>24</sup> International Monetary Fund (n.d.) *Fossil Fuel Subsidies*, <https://www.imf.org/en/Topics/climate-change/energy-subsidies>

<sup>25</sup> International Energy Agency (n.d.) *Fossil Fuel Subsidies*, <https://www.iea.org/topics/fossil-fuel-subsidies>

<sup>26</sup> Intergovernmental Panel on Climate Change (2022) *Climate Change 2022 Mitigation of Climate Change*, p 46, [https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_SummaryForPolicymakers.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf)

<sup>27</sup> G20 (2009) *G20 Leaders Statement - The Pittsburgh Summit*, <https://g7g20-documents.org/database/document/2009-g20-usa-leaders-leaders-language-g20-leaders-statement-the-pittsburgh-summit#section-8>

<sup>28</sup> United Nations Framework Convention on Climate Change (2023) *Outcome of the first global stocktake*, p 5

<sup>29</sup> OEco (2025) *Belém Declaration on the Transition Away from Fossil Fuels*, <https://oeco.org.br/wp-content/uploads/2025/11/BELEM-DECLARATION-ON-THE-TRANSITION-AWAY-FROM-FOSSIL-FUELS-Adobe-cloud-storage.pdf>

<sup>30</sup> Grudnoff & Campbell (2026) *Fossil fuel subsidies in Australia 2026*, <https://australiainstitute.org.au/report/fossil-fuel-subsidies-in-australia-2026/>

<sup>31</sup> Australia Institute (2026) *Australian fossil fuel subsidies growing faster than NDIS, hitting \$16.3 billion in 2025-26*, <https://australiainstitute.org.au/post/australian-fossil-fuel-subsidies-growing-faster-than-ndis-hitting-16-3-billion-in-2025-26/>

including coal mining companies, which receive over \$1 billion in fuel tax credits each year.<sup>32</sup>  
The Scheme has cost over \$200 billion since 1990.<sup>33</sup>

The OECD has specifically called for Australia to “reduce or eliminate” the Fuel Tax Credit Scheme.<sup>34</sup>

---

<sup>32</sup> Grudnoff & Campbell (2026) *Fossil fuel subsidies in Australia 2026*,  
<https://australiainstitute.org.au/report/fossil-fuel-subsidies-in-australia-2026/>

<sup>33</sup> Gottschalk (2024) *It is time to abolish the expensive Fuel Tax Credit that incentivises fossil fuel use*,  
<https://australiainstitute.org.au/post/it-is-time-to-abolish-the-expensive-fuel-tax-credit-that-incentivises-fossil-fuel-use/>

<sup>34</sup> Leandro (2024) *Achieving the transition to net zero in Australia*, OECD, p 51

## 4. Increase taxes on the production and export of fossil fuels

Taxing the production and export of fossil fuels at higher rates would discourage the proliferation of fossil fuels. Appropriately taxing fossil fuels would also generate revenue that could be used to finance the transition to clean energy. The “polluter-pays” principle, which holds that polluters should bear the costs of managing their pollution, provides further justification for collecting revenue from fossil fuel producers.<sup>35</sup>

Australian governments collect little revenue from the production or export of fossil fuels. More than half of Australia’s LNG exports are given away for free, attracting no royalty and no petroleum tax.<sup>36</sup> LNG exporters in Australia have made more than \$112 billion in windfall profits since Russia’s invasion of Ukraine sent energy prices soaring.<sup>37</sup>

Australia collects more public revenue from the repayment of student loans than it does from gas exporters under its Petroleum Resource Rent Tax.<sup>38</sup> Australia collects more revenue from *either* nurses,<sup>39</sup> teachers<sup>40</sup> or beer drinkers<sup>41</sup> than it does from the gas industry. The Australian Taxation Office has labelled the oil and gas industry “systemic non-payers” of tax.<sup>42</sup>

The low levels of revenue raised by Australian governments from fossil fuel production has led to widespread calls to increase taxes on the fossil fuel industry, particularly gas exporters. These are supported by a wide range of unions, NGOs, private sector interests

---

<sup>35</sup> de Sadeleer (2020) ‘The Polluter-Pays Principle’, *Environmental Principles: From Political Slogans to Legal Rules*, <https://doi.org/10.1093/oso/9780198844358.003.0003>

<sup>36</sup> Ogge et al (2024) *Australia’s great gas giveaway*, <https://australiainstitute.org.au/report/australias-great-gas-giveaway-2/>

<sup>37</sup> Denniss et al (2026) *What the Middle East war means for Australians and gas companies*, <https://australiainstitute.org.au/report/what-the-middle-east-war-means-for-australians-and-gas-companies/>

<sup>38</sup> ABC Fact Check (2024) *Is the government taking more from students through HECS than it collects from the Petroleum Resources Rent Tax?*, <https://www.abc.net.au/news/2024-03-07/fact-check-hecs-prrt-richard-denniss-australia-institute/103553434>

<sup>39</sup> Grudnoff and Ogge (2025) *Nurses pay more tax than the oil and gas companies*, <https://australiainstitute.org.au/post/nurses-pay-more-tax-than-the-oil-and-gas-companies/>

<sup>40</sup> Grudnoff (2024) *Teachers pay more tax than the oil and gas industry*, <https://australiainstitute.org.au/post/teachers-pay-more-tax-than-the-oil-and-gas-industry/>

<sup>41</sup> Campbell (2026) *Tax: Beer drinkers vs gas companies*, <https://australiainstitute.org.au/report/tax-beer-drinkers-vs-gas-companies/>

<sup>42</sup> McIlroy (2019) ‘Oil, gas ‘systemic non-payers’ of tax’, *Australian Financial Review*, <https://www.afr.com/politics/federal/oil-gas-systemic-non-payers-of-tax-20191211-p53iys>

and many members of Australian parliament. They are strongly supported by Australian voters across the political spectrum.<sup>43</sup>

The Australia Institute has also proposed the introduction of a climate disaster levy so that the fossil fuel industry pays for the harm it has caused. Depending on the rate of the levy, such a policy would raise between \$34 and \$151 billion a year.<sup>44</sup>

Taxing fossil fuel production at a higher rate would make some progress towards ensuring that policy settings do not incentivise fossil fuel expansion, but taxes alone are unlikely to eliminate investments in these industries entirely.<sup>45</sup> This emphasises the importance of a ban on new developments and clear timelines for a fossil fuel phase out.

---

<sup>43</sup> Australia Institute (2026) *National and Electorate polls – taxing gas exports*, <https://australiainstitute.org.au/report/national-and-electorate-polls-taxing-gas-exports/>

<sup>44</sup> Thrower, Ogge and Campbell (2026) *A climate disaster levy: Fairly funding the increasing costs of climate change*, <https://australiainstitute.org.au/report/a-climate-disaster-levy-fairly-funding-the-increasing-costs-of-climate-change/>

<sup>45</sup> Denniss (2024) 'Joseph Stiglitz on how to make Australia richer', *The Saturday Paper*, <https://australiainstitute.org.au/post/joseph-stiglitz-on-how-to-make-australia-richer/>

# Conclusion

This report covers four simple steps that Australian governments could take if the nation is to play its role in minimising climate change:

1. Ban new gas and coal projects
2. Establish a timeline for the phase-out of gas and coal production
3. Eliminate fossil fuel subsidies
4. Increase taxes on the production

These steps are likely to be effective not despite their simplicity, but because of it. They stand in contrast with Australia's general climate policy approach of complicated systems that are incomprehensible to the public and able to be manipulated by well-resourced fossil fuel companies.

It is important to note that like most simple, effective ideas, these ideas are not new; they build on decades of opposition to Australia's fossil fuel industry, usually led by local communities and indigenous groups.

Significant leadership has also been shown by the leaders of Pacific Island nations such as former Kiribati President Anote Tong and former Prime Minister of Tuvalu Enele Sopoaga, who have long called for Australia to end new fossil fuel developments. The 2015 Suva Declaration on Climate Change, which pre-dates the Paris Agreement, saw most Pacific Island countries call for "an international moratorium on the development and expansion of fossil fuel extracting industries, particularly the construction of new coal mines, as an urgent step towards decarbonising the global economy."<sup>46</sup>

What is new is the momentum created by governments like Colombia and the Netherlands using their convening power to bring together new groups of people to discuss how these old ideas can be implemented. The Australia Institute looks forward to the First Conference on Transitioning Away from Fossil Fuels and hopefully many more after it.

---

<sup>46</sup> Pacific Island Development Forum (2015) *Suva declaration on Climate Change*, <https://www.pidf.int/wp-content/uploads/2017/07/Suva-declaration-on-climate-change.pdf>