

Five ongoing facts about gas and tax in Australia

New data in the 2026 Federal Budget and Senate gas tax inquiry further demonstrate that Australia needs a gas export tax. Gas is still given away for free. Petroleum Resource Rent Tax (PRRT) revenue is going down, not up. PRRT raises less money than HECS repayments or beer excise. Japan still raises more tax on Australian gas exports than the Australian Government does, even since the 2023 deduction cap took effect.

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INTRODUCTION

New data is available regarding Australia's gas exports and tax revenue. Information in the 2026 Federal Budget and documents provided to the Senate *Select Committee on the Taxation of Gas Resources* reinforce the key points that The Australia Institute and others have been making for several years.

1. AUSTRALIA STILL GIVES AWAY GAS FOR FREE

The 2026 Federal Budget did not impose a tax on gas exports or implement a new royalty for gas in Commonwealth waters. This means that multinational gas export companies that extract gas offshore often pay nothing to acquire gas owned by Australians. The gas is given to them for free. More than half of Australia's gas exports are given away for free.¹

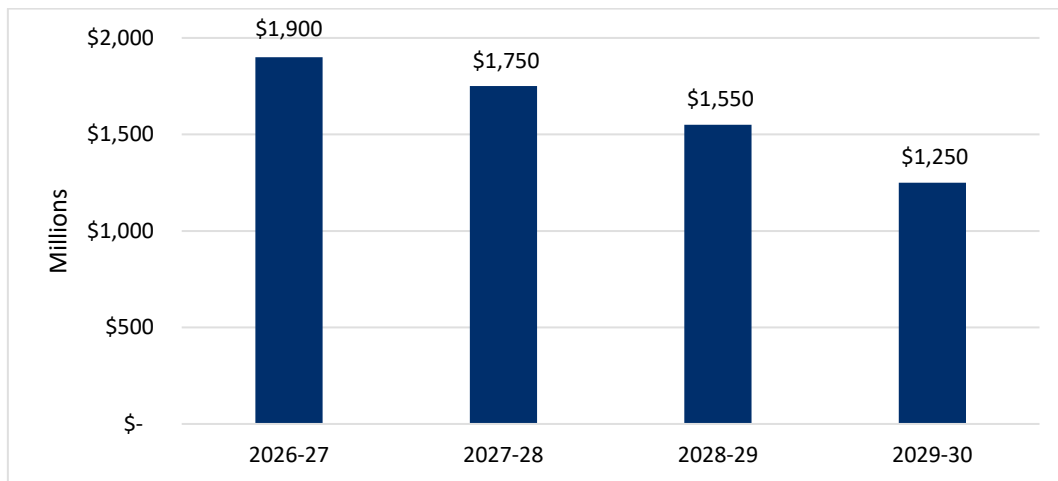
¹ Ogge et al (2024) *Australia's great gas giveaway*, <https://australiainstitute.org.au/report/australias-great-gas-giveaway/>

2. PRRT IS GOING DOWN, NOT UP

While the Prime Minister and the gas lobby have claimed that the PRRT is designed to “ramp up”², the latest budget figures contradict this. Budget papers show that receipts from Australia’s Petroleum Resource Rent Tax (PRRT) are expected to decline from \$1.9b in 2026-27 to \$1.25b in 2029-30. Incredibly, forecast receipts in 2029-30 are expected to be lower than the \$1.4 billion collected in 1992-93 (and that’s in 1993 dollars not adjusted for inflation).³ This decline is expected to occur despite:

- High international gas prices, caused by wars in Ukraine and Iran,
- A huge increase in Australian gas export volumes over the last decade,
- The Albanese Government’s 2023 PRRT change capping tax deduction use.

Figure 1: PRRT cash receipts, 2026-27 to 2029-30



Source: Budget Paper 1, page 208.

3. HECS PAYMENTS STILL GREATER THAN PRRT

The Australia Institute has long pointed out that the Australian Government collects more money from student debt repayments (colloquially known as HECS – Higher Education Contribution Scheme) than it does from PRRT.⁴

² Henderson (2026) 'No one seems to know': Albanese dismisses gas export tax hike calls as 'slogans', <https://www.sbs.com.au/news/article/albanese-rejects-calls-for-gas-export-tax-hike/ifyn4btf3>

³ Parliamentary Budget Office (2026) *Historical Fiscal Data*, <https://www.pbo.gov.au/publications-and-data/data-and-tools/data-portal/historical-fiscal-data>

⁴ 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>

The latest budget forecasts show that this will almost certainly remain the case. PRRT is expected to raise an average of \$1.6b over the forward estimates (2026-27 to 2029-30). Australian Taxation Office (ATO) figures show HECS repayments collected \$5.1b in the most recent year of data (2024-25), over three times this average, and this figure has risen year after year.⁵

4. BEER EXCISE STILL GREATER THAN PRRT

Similarly, The Australia Institute has often pointed to excises on beer, other alcohol, tobacco and visa charges raise more than the PRRT.⁶ Figure 2 below shows that this is forecast to continue in all years covered in the latest budget:

Figure 2: Extract from revenue section of 2026 Budget Papers

Table 5.7: Australian Government general government (cash) receipts

	Actual			Estimates		
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m	2029-30 \$m
Individuals and other withholding taxes						
Gross income tax withholding	295,827	315,300	331,100	348,600	367,000	391,100
Gross other individuals and trusts	81,707	89,300	94,100	97,200	102,300	114,300
less: Refunds	39,223	40,400	42,800	46,800	49,700	55,100
Total individuals and other withholding tax	338,312	364,200	382,400	399,000	419,600	450,300
Fringe benefits tax	4,927	5,310	5,580	5,820	6,140	6,590
Company tax	138,762	148,500	154,000	151,700	148,700	151,600
Superannuation fund taxes	25,700	33,060	31,560	31,210	32,310	34,560
Petroleum resource rent tax	1,420	1,400	1,900	1,750	1,550	1,250
Income taxation receipts	509,121	552,470	575,440	589,480	608,300	644,300
Goods and services tax	90,322	96,341	103,249	107,868	114,263	120,191
Wine equalisation tax	1,134	1,110	1,160	1,200	1,240	1,290
Luxury car tax	1,088	1,150	1,130	1,070	1,120	1,160
Excise and customs duty						
Petrol	7,306	6,400	7,600	7,800	7,950	8,050
Diesel	17,262	15,110	18,560	19,560	20,460	21,360
Other fuel products	1,731	1,500	1,720	1,740	1,780	1,830
Tobacco	7,767	4,130	3,560	3,020	2,530	2,140
Beer	2,729	2,710	2,810	2,890	2,990	3,100
Spirits	3,320	3,270	3,300	3,330	3,360	3,380
Other alcoholic beverages(a)	1,789	1,840	1,920	1,990	2,070	2,150
Other customs duty(b)	1,996	1,910	1,850	1,430	960	1,020
less: Refunds and drawbacks	711	1,940	730	730	730	730
Total excise and customs duty	43,188	34,930	40,590	41,030	41,370	42,300
Major Bank Levy	1,768	1,920	2,020	2,100	2,190	2,300
Agricultural levies	664	673	671	710	737	727
Visa application charges	4,154	4,668	6,181	6,742	6,989	7,095
Other taxes	6,403	6,267	6,660	6,762	6,689	6,878
Indirect taxation receipts	148,723	147,059	161,661	167,481	174,598	181,940
Taxation receipts	657,844	699,529	737,101	756,961	782,898	826,240
Sales of goods and services	22,024	21,760	23,299	24,847	25,024	25,042
Interest received	10,545	9,329	9,636	9,696	10,056	10,538
Dividends and distributions	7,262	7,630	7,768	8,304	9,098	9,868
Other non-taxation receipts	19,277	21,523	20,293	23,058	21,307	23,105
Non-taxation receipts	59,107	60,243	60,997	65,906	65,485	68,554
Total receipts	716,951	759,772	798,098	822,867	848,383	894,794

Source: Budget Paper 1, page 208.

⁵ Australian Taxation Office (2025) *Commissioner of Taxation annual report 2024-25*,

<https://www.ato.gov.au/about-ato/commitments-and-reporting/annual-report-and-other-reporting-to-parliament/annual-report>

⁶ See for example, <https://x.com/TheAusInstitute/status/1656818612890636288>

5. JAPAN STILL GETS MORE TAX FROM AUSTRALIAN GAS EXPORTS THAN AUSTRALIA

New data provided by the Australian Taxation Office (ATO) to the Senate *Select Committee on the Taxation of Gas Resources* estimates that gas export projects paid \$1.2 billion in PRRT since July 2023. Over the same period, Japan's tax on gas imports from Australia will have raised around \$1.9 billion.⁷

This means the Australian Government is raising less revenue on Australian gas exports than the Japanese Government, even **after** the Albanese Government attempted to fix PRRT in 2023 by introducing a cap on deductions.

A related issue is that, while Australia exports about 80% of its gas,⁸ Japan buys more gas than it needs and on-sells gas that is not needed in Japan to third countries, notably:

- In 2025, Japanese companies resold 598-756 petajoules (PJ) of Australian liquified natural gas (LNG). This is more than eastern Australia's domestic gas consumption.⁹
- In 2024, Japanese companies resold over \$11 billion of Australian LNG with profits likely exceeding \$1 billion.¹⁰
- Japan resells more Australian gas from both Eastern and Western Australia than projected annual gas 'shortages' in these regions.¹¹
- In fiscal year 2024, from all sources, Japan resold more than twice as much gas as Australia uses for households and businesses, excluding the gas exporting industry.¹²

⁷ Denniss, Campbell and Saunders (2026) *Taxing gas in Australia and Japan – May Update*, <https://australiainstitute.org.au/report/taxing-gas-in-australia-and-japan/>

⁸ Department of Climate Change, Energy, the Environment and Water (2025) *Australian Energy Update 2025 – Australian Energy Flows 2023-24 (Petajoules)*, <https://www.energy.gov.au/publications/australian-energy-update-2025>

⁹ Runciman (2026) *Japanese reselling of Australian LNG undercuts energy security claims*, <https://ieefa.org/resources/japanese-reselling-australian-lng-undercuts-energy-security-claims>

¹⁰ Denis-Ryan and Runciman (2025) *How Japan cashes in on resales of Australian LNG at the expense of Australian gas users*, <https://ieefa.org/resources/how-japan-cashes-resales-australian-lng-expense-australian-gas-users>

¹¹ Denis-Ryan and Runciman (2025) *How Japan cashes in on resales of Australian LNG at the expense of Australian gas users*

¹² Thrower (2026) *Japan on-sells more than twice as much gas as Australians consume*, <https://thepoint.com.au/off-the-charts/260424-japan-on-sells-almost-twice-as-much-lng-as-australians-consume>

CONCLUSION

Australia's gas policy mess has been decades in the making. It will not be cleaned up with technical tweaks to PRRT or by fluctuations in energy markets.

The solution is simple – a 25% tax on gas exports, as proposed by the Australian Council of Trade Unions. Such a tax would raise revenue, reduce domestic gas prices and provide strong support for climate policy by making new gas projects more difficult. While the solution is simple, it will require some political bravery as it will be loudly opposed by the powerful multinational gas exporting firms that benefit from the status quo.