



Climate Council of Australia

Submission to: Select Committee on the Taxation of Gas Resources

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About the Climate Council

The Climate Council is Australia's own independent, evidence-based organisation on climate science, impacts and solutions.

We connect decision-makers, the public and the media to catalyse action at scale, elevate climate stories in the news and shape the conversation on climate consequences and action, at home and abroad.

We advocate for climate policies and solutions that can rapidly drive down emissions, based on the most up-to-date climate science and information.

We do this in partnership with our incredible community: thousands of generous, passionate supporters and donors, who have backed us every step of the way since they crowd-funded our beginning as a non-profit organisation in 2013.

To find out more about the Climate Council's work, visit www.climatecouncil.org.au.

KEY POINTS

- A gas exports tax is a fair and practical reform that would ensure Australian resources deliver for Australians.
- A number of workable policy options exist to ensure Australians share in windfall gains and receive a fairer return over time.
- Any consideration of a gas exports tax should recognise that gas is a polluting fossil fuel, and that its production, export, and use must decline in order to limit global warming.
- Any revenue raised through improved taxation of gas exports should be directed toward permanent measures that reduce climate pollution, Australia's dependence on fossil fuels, and costs to Australian households and businesses.

Introduction

The Climate Council welcomes the opportunity to make a submission to the Senate Select Committee on the Taxation of Gas Resources. The inquiry's focus on gas export taxation, the impacts of global price shocks on Australian households and businesses, international tax arrangements, and the use of additional revenue to provide cost-of-living relief and reduce reliance on imported fuel is timely and important.

Australia is deeply exposed to global fossil fuel volatility. This is not a short-term problem—it is structural. Fossil fuels leave our energy security at risk, while renewables protect us.

The Climate Council supports the introduction of a tax on gas exports

The Climate Council supports the introduction of a tax on gas exports. A gas exports tax is a fair and practical reform that would ensure Australian resources deliver for Australians. It is reasonable that Australians receive a much stronger public return from publicly owned resources—particularly when global crises drive extraordinary profits for exporters while households face rising costs.

We do not seek to prescribe one specific tax model in this submission. Multiple credible approaches have been identified and assessed by independent analysts, including export levies, windfall-style mechanisms, and price-responsive royalty or revenue-based models (Runciman 2026). The key point is that workable policy options exist to ensure Australians share in windfall gains and receive a fairer return over time.

Reform is needed

Australia produces more than enough gas for domestic use, yet exports the majority. This export exposure links Australians' energy costs and broader cost-of-living pressures to volatile global markets (Climate Council 2026b). In recent years, Australians have experienced how swiftly international conflict and instability can translate into higher prices at home.

At the same time, gas is a fossil fuel that drives climate pollution across its lifecycle. No matter where Australian gas is burned, the climate harms return home through worsening extreme heat, floods, fires and other climate-driven disasters that impose growing costs on communities and governments (Climate Council 2026a).

Tax reforms should consider the energy and climate context

Any consideration of a gas exports tax must not occur in isolation. It should recognise that, given gas is a polluting fossil fuel, its production, export, and use must decline in order to limit global warming (SEI, Climate Analytics, & IISD 2025). This context is particularly important when considering warnings of impacts on investment or new gas supply.

The lower cost of renewable energy, as well as policies and commitments in Australia and globally, will see LNG and gas demand decline. Based on declining demand, the Australian Government's Net Zero Plan expects a 27% reduction in gas and LNG production by 2035, and a 67% reduction by 2050 (Treasury 2025). Australia's gas demand is already in decline, having reduced every year since 2020 (Climate Council 2026b).

With gas demand in a necessary terminal decline, threats of reduced investment in new gas supply should be challenged. In fact, this hypothetical new gas supply may never be necessary or commercially viable, let alone beneficial for Australians or compatible with avoiding the worst impacts of global climate change.

Australia has countless options to meet its energy needs without more gas, and gas projects drive climate harm – so tax policies should not seek to protect hypothetical future investment.

The revenue from a gas exports tax should be used to cut climate pollution and energy costs

Any revenue raised through improved taxation of gas exports should be directed toward permanent measures that reduce climate pollution, Australia's dependence on fossil fuels, and costs to Australian households and businesses. Priorities to deliver these objectives could include:

1. **Delivering household energy upgrades**, including household electrification, energy efficiency, and access to rooftop solar and home batteries—particularly

for low- and modest-income households and renters. This could be delivered through an overhaul of the Household Energy Upgrades Fund.

2. **Accelerating the move to clean transport**, by supporting the uptake of electric vehicles, investing in charging and supporting infrastructure, and improving the quality and uptake of shared and active transport. For example, revenue could be used to extend EV fringe-benefits tax exemptions or discounts to shared and active transport, like public transport fares or e-bike leasing.
3. **Boosting industry productivity with low-cost renewable energy**, including co-investing in research, development, and implementation of zero-emissions mining, manufacturing, and industrial processes.

The revenue raised by a reformed tax could be substantial and, if invested effectively, deliver nationally significant improvements. As an example, the \$17 billion in annual revenue that one proposed tax model could raise would be enough to fully fund:¹

- 1.3 million household solar and battery installations, saving households over \$3 billion per year; or
- Over 560,000 electric vehicles, saving motorists almost \$1 billion per year; or
- 13,900 electric buses, enough to replace every heavy bus in Victoria, saving over \$700 million in fuel and running costs per year.

Investing in these priorities would deliver cost-of-living relief and reduce Australia's dependence on imported fuel, while also cutting climate pollution and improving climate resilience. When used to fund well-designed policies, leveraging co-investment and economies of scale, the benefits of this investment could be even greater.

Conclusion

Australians deserve a fair return from Australian gas resources—particularly in periods when global events drive windfall profits for exporters. A gas exports tax is a practical, mainstream policy option with clear international precedents. Done well, it can help protect households, strengthen energy security, and accelerate the clean energy transition that is essential for a safer future.

The Climate Council urges the Australian Government and Parliament to support reforms that ensure gas exporters pay their fair share, and invest these proceeds into lasting solutions that reduce fossil fuel dependence and cut climate pollution.

¹ [The Australia Institute estimates](#) that a 25% export levy could raise \$17 billion in annual revenue. While the Climate Council has not reviewed particular tax rates or structures, this figure reflects an illustrative example of the potential scale of tax reform. Potential investments are based on Climate Council analysis.

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