PEDAL TO THE METAL:
A BUDGET TO BREAK FREE FROM FUEL CHAOS

CLIMATE COUNCIL

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The Climate Council acknowledges the Traditional Owners of the lands on which we live, meet and work. We wish to pay our respects to Elders, past and present, and recognise the continuous connection of Aboriginal and Torres Strait Islander peoples to land, sea and sky.

We acknowledge the ongoing leadership of First Nations people here and worldwide in protecting Country, and securing a safe and liveable climate for us all.

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Key findings

1 Australia is badly exposed to global fossil fuel shocks, and households are paying the price.

- Australia imports 90% of our refined fuels. Relying on imported oil and exported gas means international conflicts quickly translate into price rises and insecurity at home.
- In response to the Iran war, petrol prices have surged by almost 50%, and diesel prices have jumped more than 70%.
- Increased fuel prices cost motorists more than $1 billion in March, above their normal fuel costs.
- Rising fuel costs are flowing through the entire economy, raising the price of food, goods and essential services. With diesel now sitting above $3 a litre, prolonged disruption could increase road freight costs by 20-30%.

2 The best energy security solutions are already here, protecting Australians and cutting bills.

- Electric and hybrid vehicles are already reducing Australia's reliance on imported fuels, avoiding almost 15 million litres of petrol and diesel use every week – freeing up the equivalent of 325 fuel truck deliveries.
- Electric and hybrid vehicle owners are also saving money: avoiding about $50 million in fuel price spikes in March. Everyday Australians in the outer suburbs are benefiting the most from government support to purchase EVs.
- At the same time, renewables and storage are cutting gas use and lowering power prices. In the past four months, big batteries alone have reduced gas use in our main grid by 8.1 petajoules, equivalent to the annual gas use of 163,000 Victorian homes.
- Using less coal and gas saves everyone on their power bills – this summer, wholesale electricity prices fell by around 30% compared to the previous summer. Households with solar and batteries are seeing even greater benefits, cutting power bills by up to 90%.

3 More coal, oil and gas is expensive, polluting, and will not improve Australia's energy security.

- Australians pay international prices for coal, oil and gas – and increasing supply won't break this link.
- Australia has already used 90% of our conventional crude oil reserves, and what's left wouldn't even meet our needs for a year.
- Fossil fuel development is slower, more expensive and more polluting than increasing supply of renewable power.
- Australia already produces more than enough gas for domestic use, but we export 80% of it, and our high prices at home are linked to global markets.
- Since we started exporting gas from the east coast, gas prices have almost quadrupled despite production almost tripling, and demand falling 10%.

4 With smart policies, governments can deliver lasting energy security.

- Short-term measures – like fuel excise cuts and emergency stock releases – provide temporary relief but do nothing to reduce our exposure to costly and risky fossil fuels. Without structural change, households and businesses will keep paying higher prices.
- Key budget principles that would deliver immediate and lasting savings and energy security include:
  - Reduce fuel dependence with electric vehicles, shared and active transport.
  - Power heavy industry with Australian renewables, not imported diesel.
  - Cut household bills with electrified homes, solar and batteries.
  - Make gas corporations pay their fair share of tax.

SUMMARY

Fossil fuels leave our energy security at risk, while renewables protect us

Across Australia, households are being hit by another global fuel shock – the second time in just four years. As the US-Israel war on Iran unfolds, it is not only causing devastating impacts throughout the region, but is disrupting energy markets, pushing up prices and threatening people's livelihoods the world over.

Australia cannot control global conflicts, but we can control how much they hurt household budgets. Right now, our heavy reliance on fossil fuels means international crises quickly translate into higher costs at home – from the bowser to the price of everyday goods.

The good news is the solutions are already here. Renewables and electrification are already protecting many Australians from price pain. The alternative – more coal, oil and gas – is expensive, polluting, and won't improve Australia's energy security.

This May budget can deliver permanent improvements – not just temporary fixes. A step-change, focused on electrification, renewables, batteries, and cleaner transport, can cut fossil fuel dependency permanently. This is the only way to deliver lasting energy security, lower costs and cuts to climate pollution.

Impact: ✔ Positive – Moderate ✖ Negative

Option	Lowers costs?	Lowers pollution?	Quick to implement?	Delivers long term security?	Verdict
Electrify transport	✔	✔	–	✔	Solution
Expand renewables and storage	✔	✔	✔	✔	Solution
Expand shared and active transport	✔	✔	–	–	Solution
Extract more oil	✖	✖	✖	✖	Distraction
Extract more gas	✖	✖	✖	✖	Distraction
Build oil refineries	✖✖	✖	✖	–	Distraction
Making fuel from coal or gas	✖✖	✖✖	✖✖	✖	Distraction

1

WHAT'S HAPPENING?

HOW FOSSIL FUEL RELIANCE TURNS AN INTERNATIONAL SHOCK INTO AN AUSTRALIAN ENERGY CRISIS

FOSSIL FUEL RELIANCE LOCKS AUSTRALIA INTO GLOBAL ENERGY VOLATILITY

Fossil fuels tie Australia to volatile global markets.

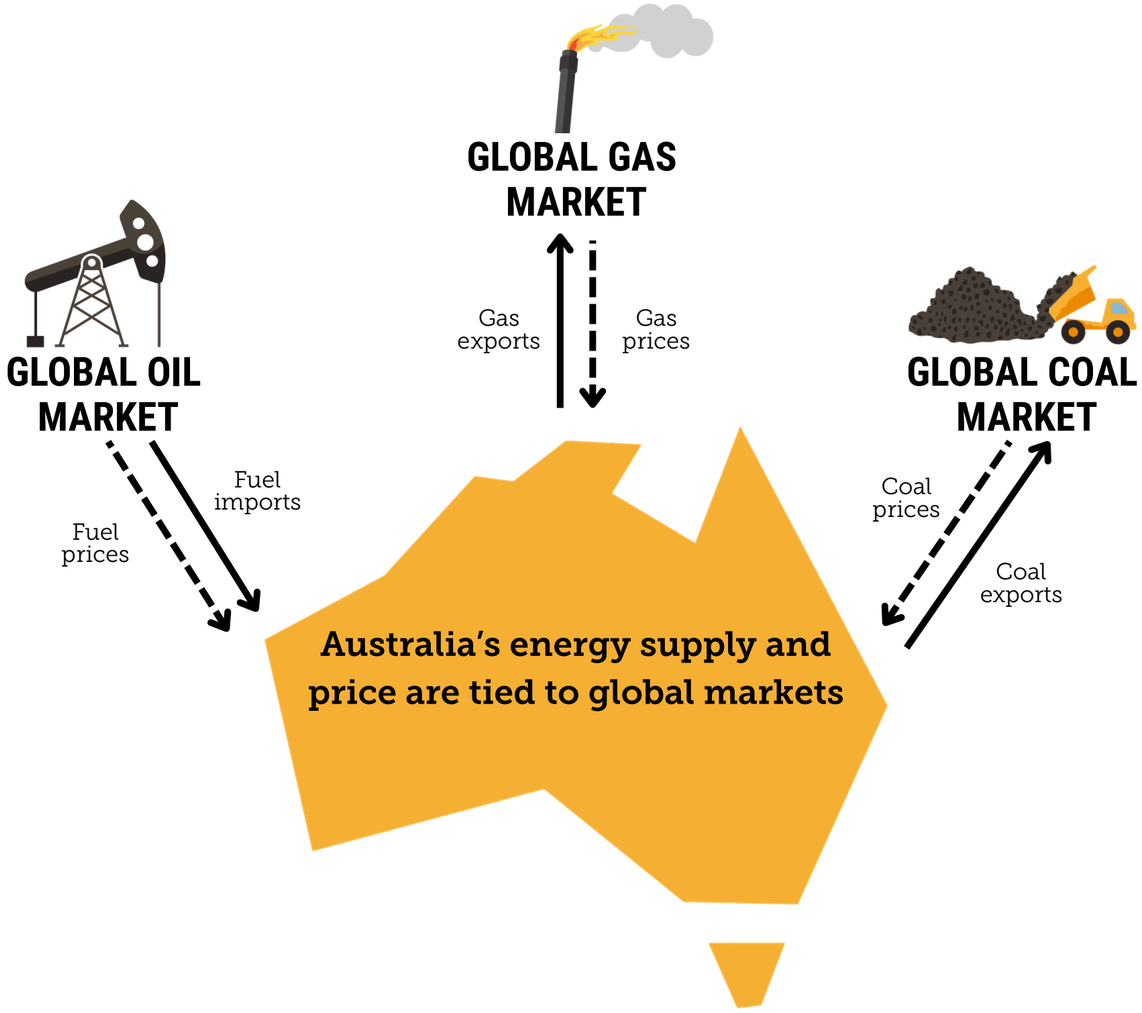
Australia produces more than enough gas to meet our own needs, but exports around 80%, tying domestic supply and prices to volatile global markets.

Meanwhile, Australia imports more than 90% of refined fuel like petrol and diesel – leaving households highly exposed to global oil supply disruptions and price spikes.

While Australia is starting to take control of our energy future, we're still over-reliant on fossil fuels.

In recent years, Australia has made significant progress in decarbonising our grid: renewables and storage now make up nearly 45% of electricity in the National Electricity Market. However, we still rely on coal and gas for more than half our electricity, on average.

Gas is also still widely used in homes for heating and cooking, and across businesses and industry – for example, in manufacturing. Likewise, our transport system is heavily reliant on oil: EV sales are rising, but around 98% of cars on our roads still rely solely on petrol or diesel.



WHEN GLOBAL FOSSIL FUEL PRICES SPIKE, WE PAY THE PRICE

Exporting most of our gas, and importing most of our fuel, means that international conflicts quickly translate into higher prices at home.

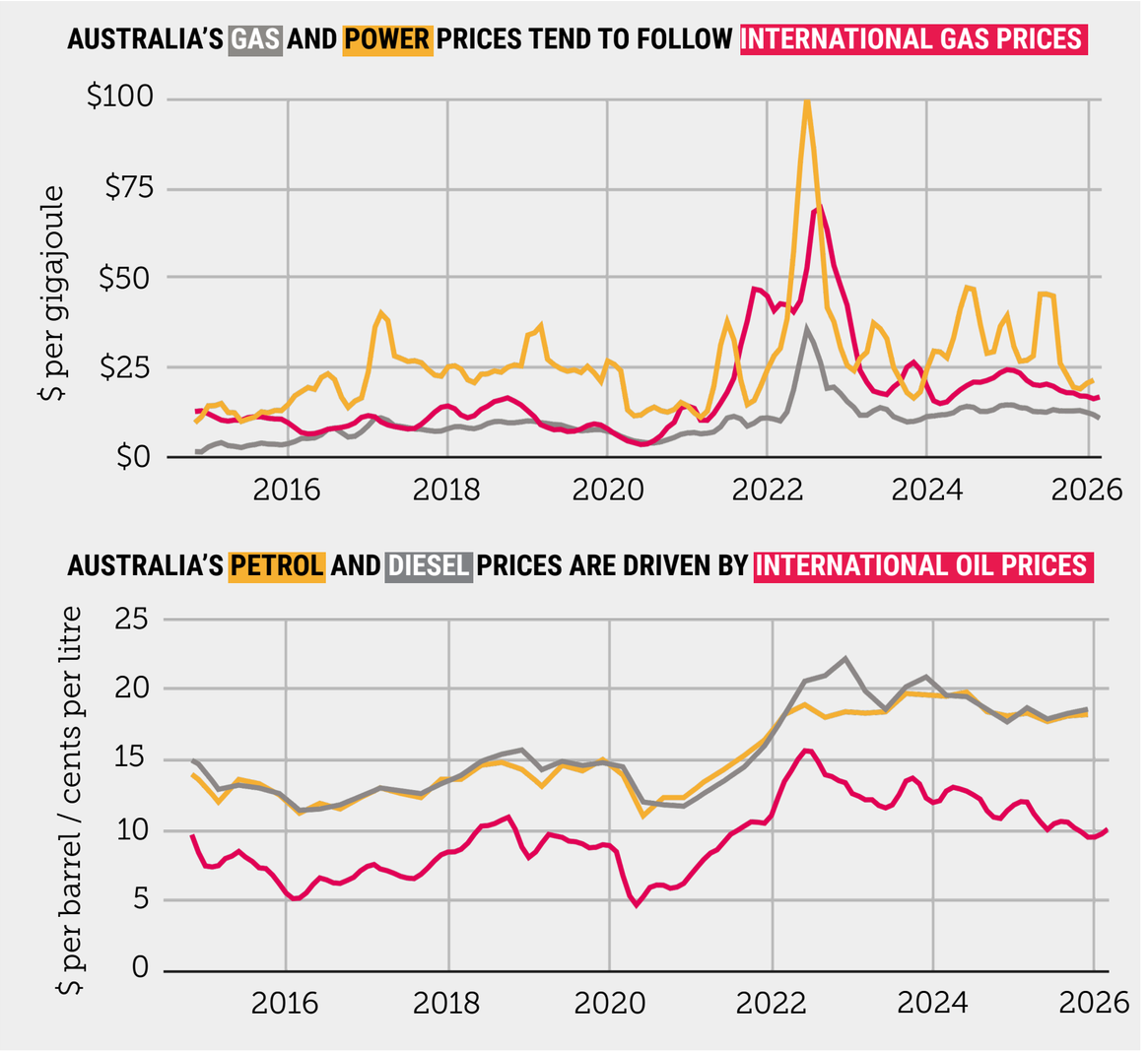
Over the past decade, changes in the international gas price explain about 55% of the variation in Australian gas prices.

The impacts of this link was clear after Russia invaded Ukraine. Gas prices spiked, and exporters made windfall profits while households struggled. Rising gas prices directly impact the homes and businesses that rely directly on gas, but also impact everyone's power bills.

Despite gas making up a small share of generation in our main grid (less than 5%), it has an outsized impact on our power bills, often setting power prices directly or indirectly. Following Russia's invasion, gas price spikes were a key factor in the increase of electricity bills by around $400 a year on average.

Changes in the international oil price have explained 80% of the variation in petrol and diesel prices over the past 10 years.

With more than 90% of our petrol and diesel imported, Australia is especially sensitive to oil supply chain disruptions. Oil price spikes also flow quickly through to petrol and diesel prices, hitting households and businesses almost immediately.



Notes: 3-month rolling average. Domestic gas prices refer to Walumbilla benchmark price for gas (AEMO 2026). Power prices are wholesale prices per MWh (OpenElectricity 2026), converted to $/GJ for comparison purposes. Fuel prices are retail averages (DCCEEW (2026). International prices refer to JKM futures for gas (converted from USD/MMbtu to $A/GJ), and Brent futures for oil (converted from USD to AUD).

GLOBAL OIL CHAOS HAS COST AUSTRALIAN HOUSEHOLDS HUNDREDS OF MILLIONS

International oil shocks have already cost Australians hundreds of millions of dollars.

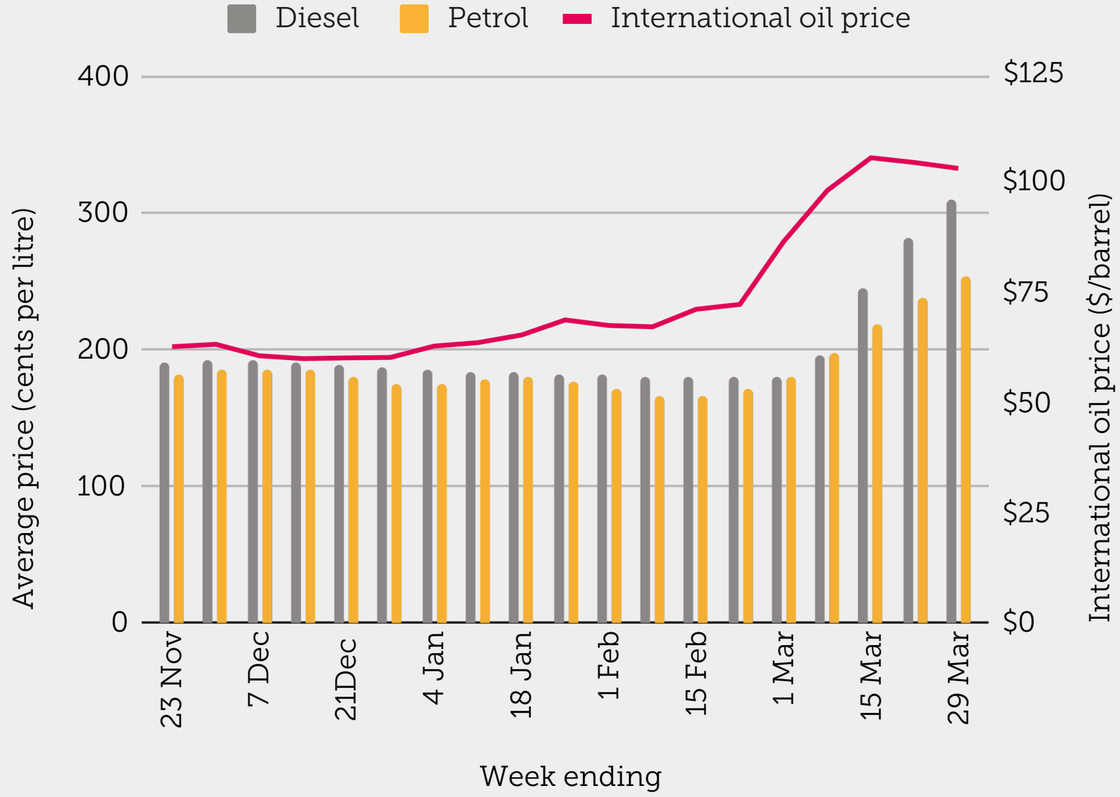
Right now, the war on Iran is disrupting global oil supply, with key shipping routes constrained and flows reduced. Petrol prices have surged in response: as at March 29, average petrol prices are 253.4 cents per litre, an increase of nearly 50% (82c/litre) compared to late February. This is costing an average Australian household using 35 litres of petrol a week an extra $29. Diesel prices are even higher, sitting at more than $3 a litre.

In March alone, the increase in fuel prices cost Australian motorists more than $1.05 billion more.

So far, this conflict is not hitting Australian gas prices the same way as in 2022 following Russia's invasion of Ukraine. Prices have remained stable since the conflict began in late February. This is by design: the gas industry has admitted that unlike in the past, it is deliberately limiting exports that would increase its profits but push up domestic prices.

The gas industry's moves are not about protecting Australians, but about protecting their own interests. With the Federal Government developing a national gas reservation scheme, and growing calls for increased tax on gas exports, exporters appear to be hoping that prioritising Australian users over windfall profits will alleviate scrutiny.

DIESEL PRICES HAVE JUMPED MORE THAN 70%, AND PETROL PRICES ALMOST 50%, IN JUST FIVE WEEKS



Notes: Fuel prices are weekly averages retail price (AIP 2026). International oil price refers to Brent futures for oil (converted from USD to AUD).

GLOBAL FOSSIL FUEL SHOCKS HURT OUR ENTIRE ECONOMY

Rising fuel prices push up costs nationwide.

It's not just car owners that are feeling the pinch: major industries including farming, mining, freight and air travel are facing rising costs and fuel shortages. For example, analysis shows that a prolonged conflict could increase Australian road freight costs by 20–30%.

These rising costs and supply constraints flow through the economy, pushing up the price of food and other essential goods and adding to inflation at a time when many Australians are already struggling with the costs of living. Modelling by Griffith University estimates the conflict could add an extra 5% to existing inflation in Australia. Already, there are increasing reports of people on lower incomes having to make impossible choices between food, medicine and other essentials.

Food and energy security is at risk in Australia and globally

Fuel supply constraints do not just impact the cost of living. They raise real risks around energy and food security. For example, diesel powers the machines farmers use to sow and harvest crops, and transport livestock, food and fibre. The fuel shortage is worsened by the impacts of the conflict on global fertiliser supply. The UN's World Food Programme is warning millions of people could be pushed into severe hunger due to high costs and shortages along supply chains.

Remote communities that are not connected to the electricity grid and rely on diesel to power their homes and services are particularly vulnerable to rising costs and shortages. For around 500,000 Australians – including many First Nations people living in remote communities disconnected from the grid – diesel is what keeps the lights on.

6-MONTH HIT TO OIL PRICES

5% increase
in the cost of living

3-5% increase
in the cost to produce food

7.7% increase
in the cost of freight

Source: Adapted from Verikios (2026)

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WHAT WORKS?

RENEWABLES AND ELECTRIFICATION ARE ALREADY PROTECTING MANY AUSTRALIANS FROM PRICE PAIN

CLEAN ENERGY FREES US FROM GLOBAL MARKETS

The ultimate energy security solution is already here.

Getting fossil fuels out of homes, businesses and transport, and instead powering ourselves with renewable energy, can provide real, lasting protection from overseas energy shocks.

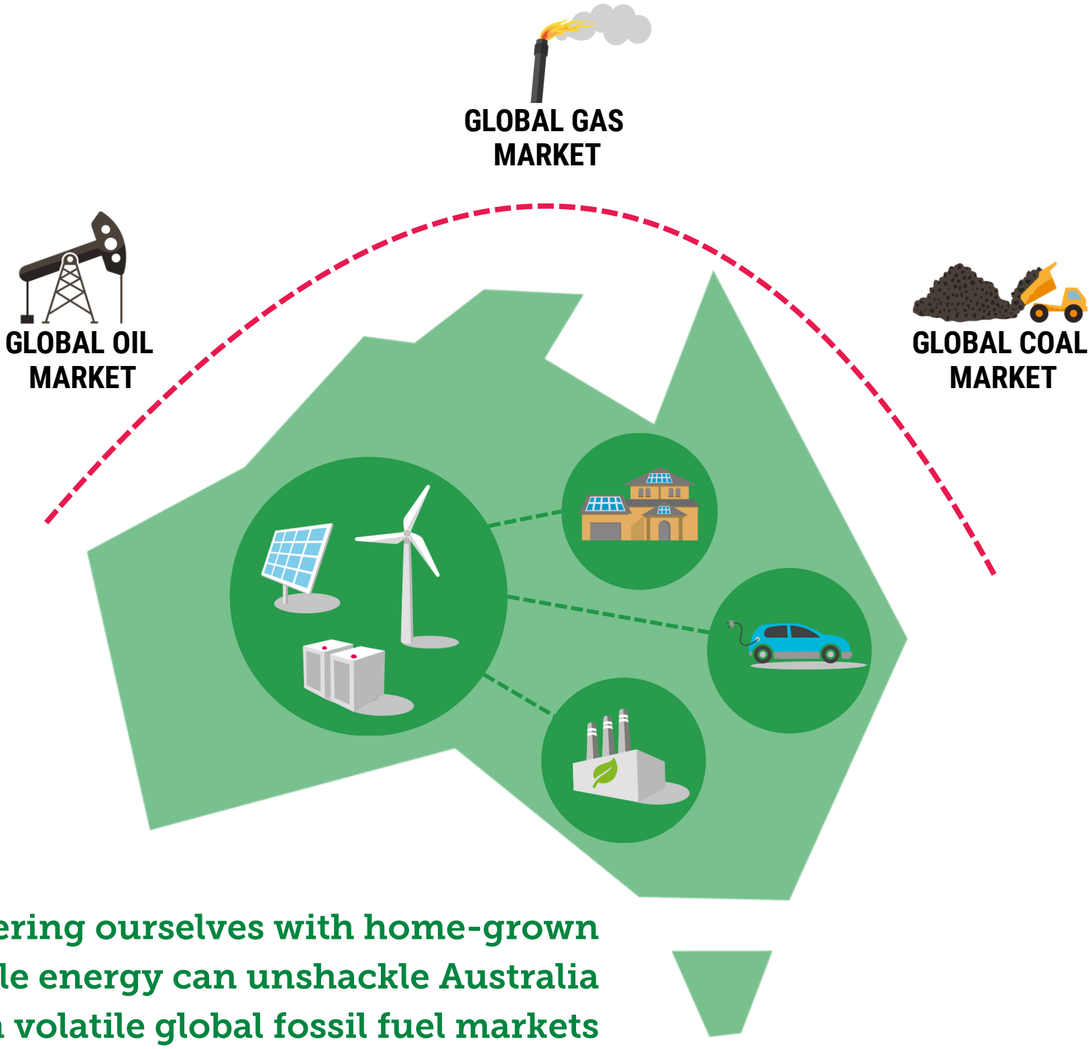
The sun and wind are free, abundant energy sources that can't be embargoed, blockaded or weaponised. Many of us are already benefiting from electrification, solar and storage. They are cost effective, clean, often quick to implement and will deliver lasting energy security.

With Australia's main grid powered by 45% renewables and storage, and almost 1.3 million electric and hybrid vehicles on our roads, clean energy is already easing this energy crisis.

Other countries are seizing this opportunity.

China has been building out renewables and clean technology capability for decades to boost its energy security and economy. In 2025 alone, China installed 446 gigawatts of renewables – more than the rest of the world combined.

Many countries in Europe have spent the 50 years since the 1970s oil crisis focused on expanding renewables and getting off fossil fuels to safeguard national security.



Powering ourselves with home-grown renewable energy can unshackle Australia from volatile global fossil fuel markets

ELECTRIC VEHICLES ARE ALREADY CUTTING AUSTRALIA'S FUEL USE, WHILE SLASHING COSTS FOR OWNERS

Electric and hybrid-electric vehicles reduce our fuel use by almost 15 million litres every week.

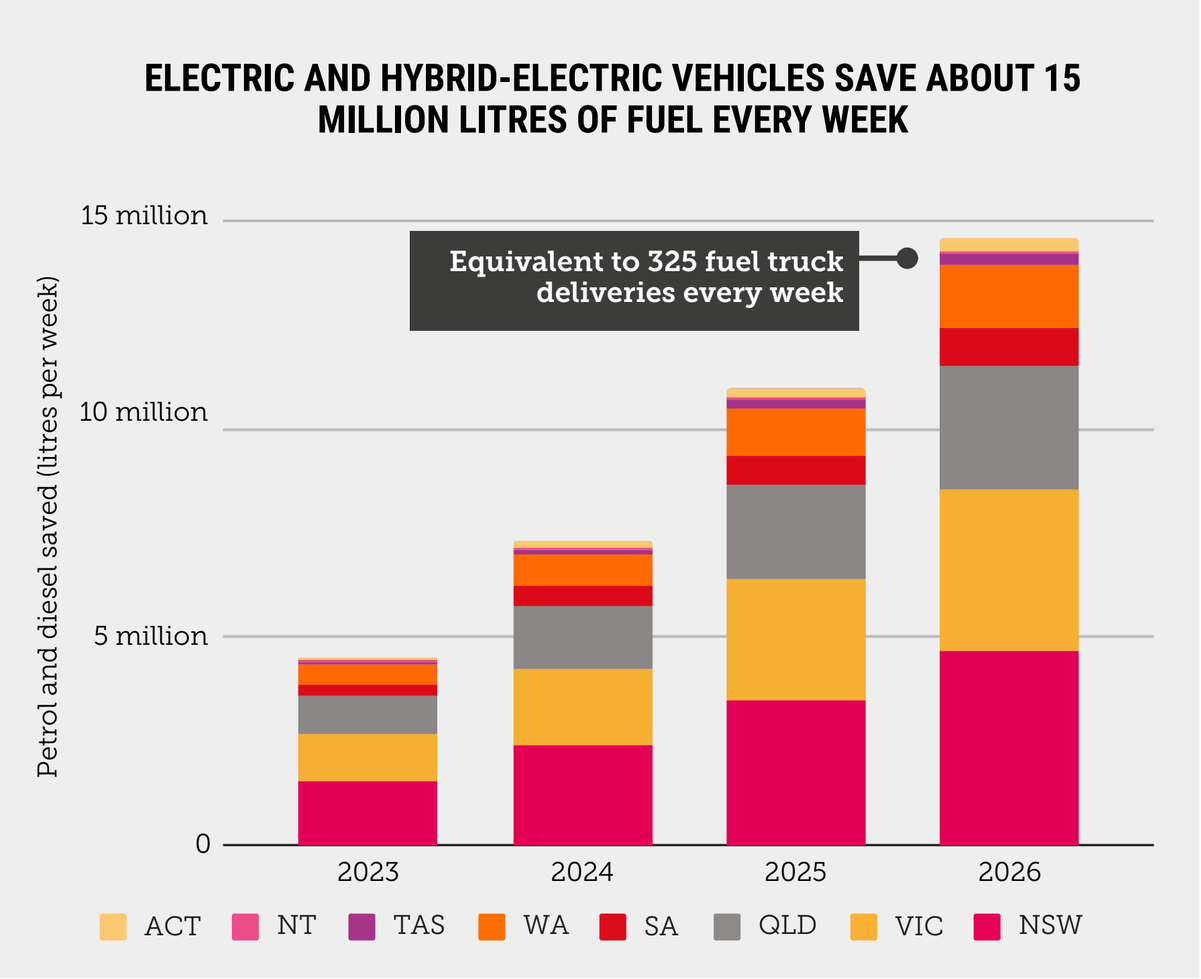
Australia is estimated to have almost 1.3 million fully-electric or hybrid-electric cars, utes and vans on our roads – vehicles which would otherwise be using solely petrol or diesel. Today, these vehicles reduce our fuel use by almost 15 million litres each week. Importantly, this saving has tripled in only three years.

EV and hybrid-electric vehicle owners avoided about $50 million in fuel price spikes in March.

Charging a car with electricity is much cheaper than using fuel. Plus, EVs have much lower maintenance and servicing costs, because they have fewer moving parts. EV owners spend 40% less on annual vehicle running costs – saving about $1,400 on fuel and maintenance savings.

In a typical 4 week period, electric and hybrid-electric vehicle owners avoid about $140 million in fuel costs. As fuel prices soar, they're saving even more – an additional $50 million in March alone.

It's no wonder that more Australians are looking to make the switch. Interest in EVs is surging in response to rising oil prices, with NAB reporting a 100% increase in EV loans in March. And it's everyday Australians in the outer suburbs benefiting most: last year, the top adopters of the EV tax discount included residents of Werribee, Hoppers Crossing, and Craigieburn (Victoria); Marsden Park, Kellyville, Baulkham Hills, and Queanbeyan (NSW); and Springfield (QLD).



Notes: Climate Council analysis. Assumes EVs and hybrid-electric vehicles would otherwise be petrol or diesel vehicles, consistent with their current market share. Example based on a 45k litre fuel delivery. See appendix for full method and assumptions.

CLEANING UP TRANSPORT CAN SLASH FUEL USE, POLLUTION AND COSTS

More Australians are saving with public transport.

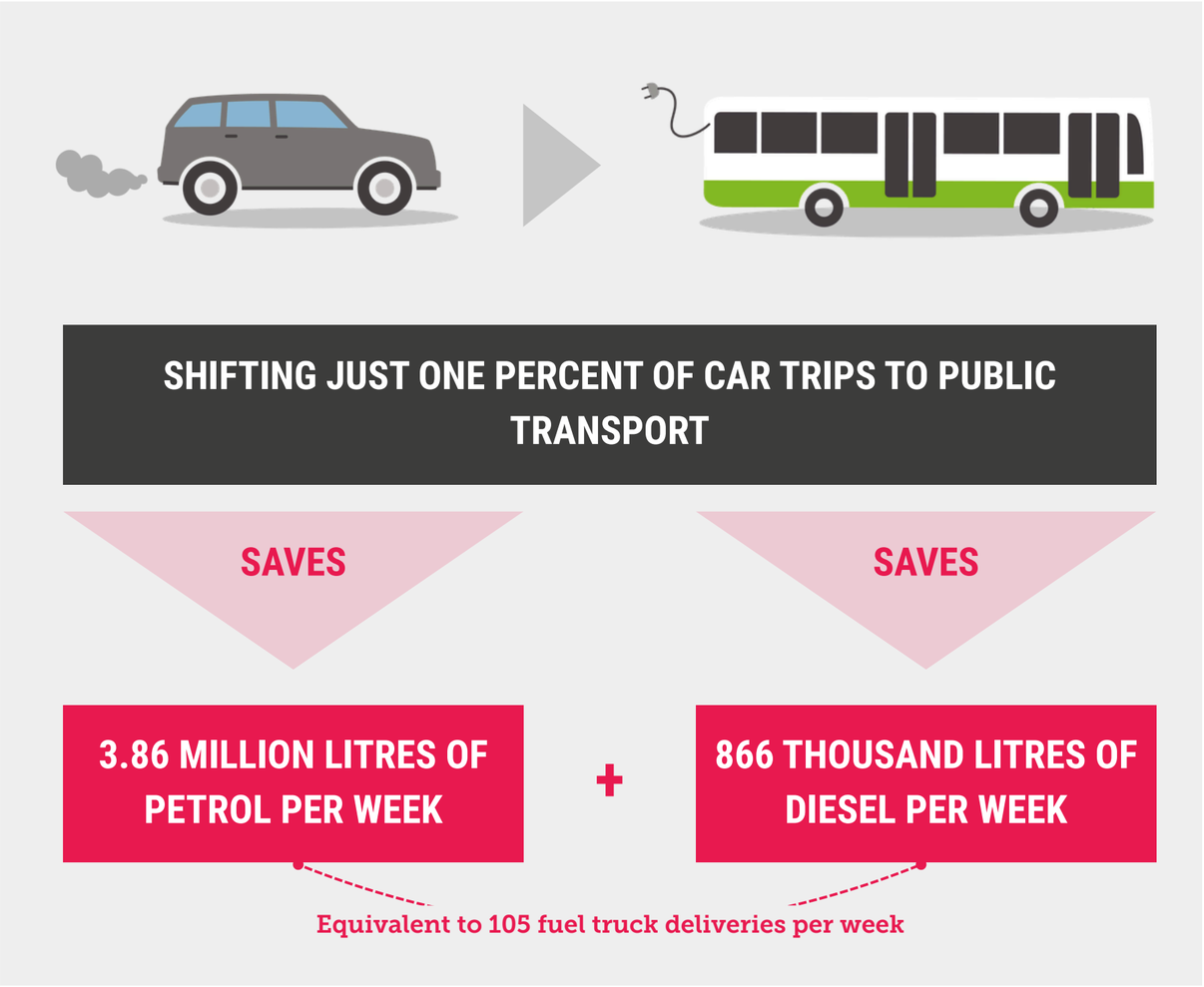
While EV sales in Australia have taken off in recent years, with the help of supportive government policies, Australia is still lagging behind the developed world on electrifying transport. Around 98% of Australian cars still rely on petrol or diesel, and the vast majority of households are exposed.

More Australians have been turning to public transport in recent weeks to save on petrol costs, and some state governments are stepping in to provide free public transport. Shifting just 1% of car trips to public transport could save 4.7 million litres of petrol and diesel per week.

Decarbonising freight is a win for our national security, our wallets and the climate – and the solutions are here.

Electric trucks are reaching a tipping point as battery costs fall and performance improves. The payback period is falling rapidly and electric trucks are increasingly becoming commercially viable for many freight uses.

While trials are underway, the vast majority of our trucks still use diesel, and are being significantly impacted by fuel costs and shortages.



Notes: Climate Council analysis. Given a 1% shift from private vehicles to public transport could largely be accommodated by existing services, no increase in fuel consumption from public transport is modelled. See appendix for full methodology and assumptions.

RENEWABLES AND STORAGE HAVE SLASHED GAS USE

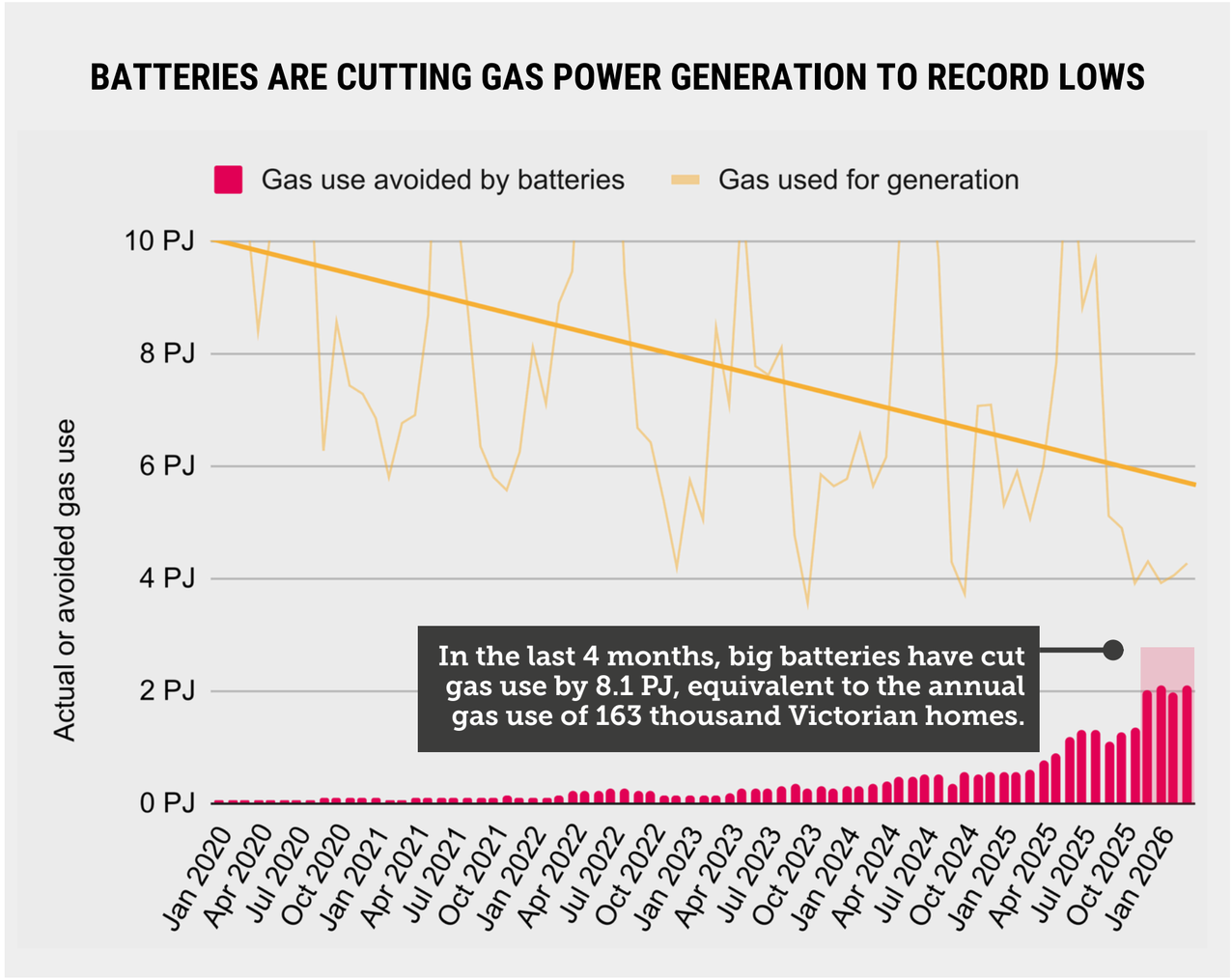
Batteries of all sizes are cutting gas use and saving households money

Batteries help us cut gas use by storing cheap, clean solar power during the day and discharging it when we need it.

Already, batteries are providing more of our power and reducing the role of gas in our grid – pushing down wholesale power prices and boosting our energy security. Our analysis shows that in total to the end of February 2026, grid-scale batteries have offset the use of 30 PJ of gas in our main grid.

Over summer, gas generation in Australia's main grid reached record lows, and big batteries provided 3.5 times more energy than this time last year, helping push wholesale prices down 30% compared to last summer.

The 400,000+ households with their own solar and battery are experiencing additional benefits: with up to 90% off their power bills, while also putting downward pressure on bills for everyone connected to the grid by reducing peak demand.



Notes: Climate Council analysis. Assumes all battery generation would otherwise be met by gas peaking generation, consistent with the market behaviour of grid batteries.

3

WHAT DOESN'T WORK?

MORE COAL, OIL AND GAS IS EXPENSIVE, POLLUTING, AND WILL NOT IMPROVE AUSTRALIA'S ENERGY SECURITY

EXTRACTING MORE FOSSIL FUELS IS SLOW, EXPENSIVE, AND WILL ONLY LEAVE AUSTRALIA EXPOSED TO THE NEXT ENERGY CRISIS

We can't drill our way out of this crisis

While some claim that Australia should be producing more oil or gas, this is not a real energy security solution. Extracting more oil or gas won't increase energy security or reduce prices in Australia.

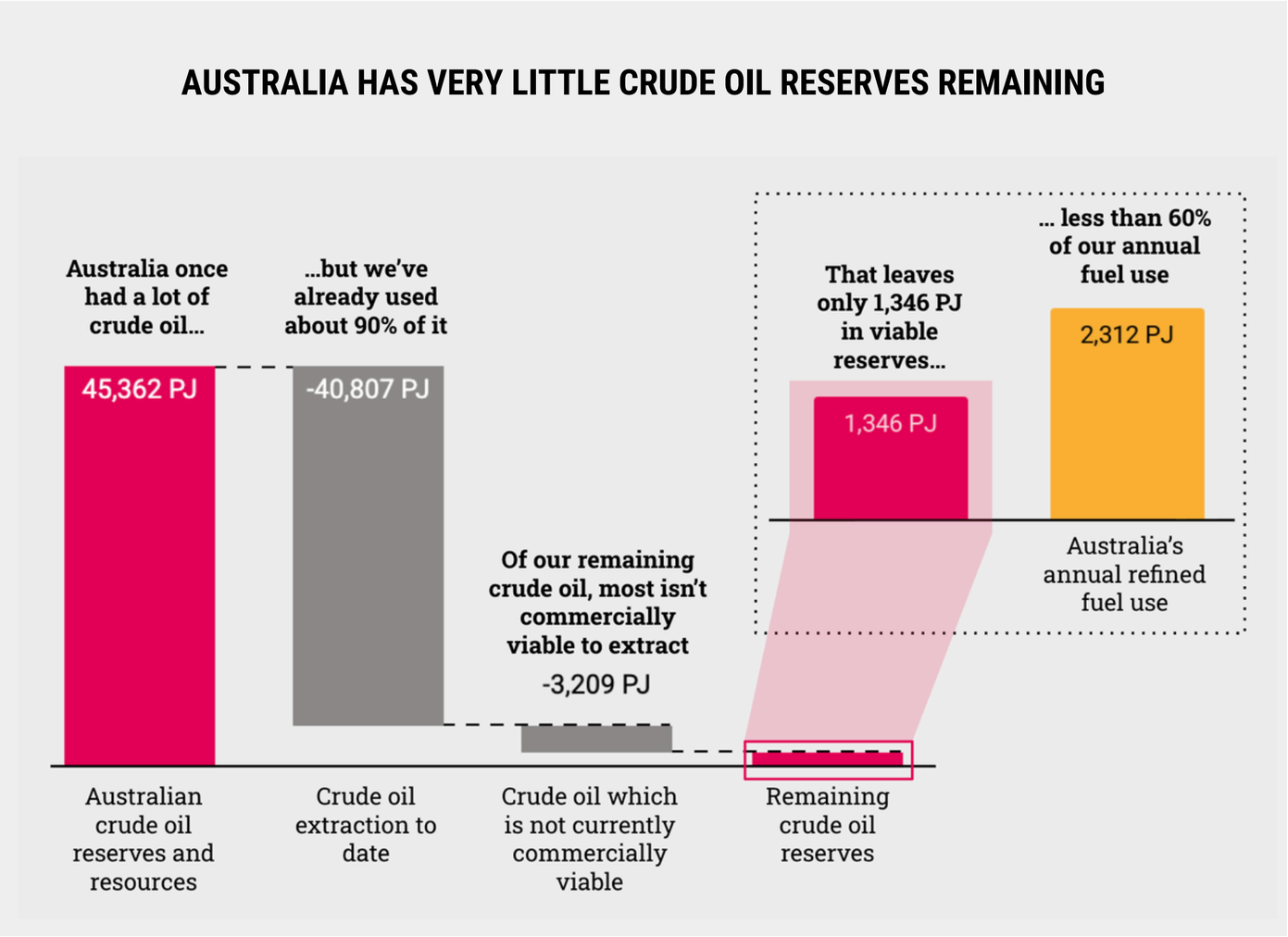
Producing more oil doesn't add up.

We've already used 90% of our conventional crude oil reserves, and what's left wouldn't even meet our needs for a year.

Australia does have a large resource of 'oil shale', which often causes misconceptions.[1] Unlike liquid oil reserves, oil shale is a petroleum source rock which has not undergone the complete process to become oil. It requires mining and industrial processing to extract oil, and is one of the highest cost sources of oil. Australia currently has no oil shale production.

Other unconventional oil resources are largely 'undiscovered', and could take around a decade to progress to production.

1: Not to be confused with tight oil or shale oil, which is extracted using fracking.



Notes: Climate Council explainer, based on Geoscience Australia, Australia's Energy Commodity Resources 2025 and Australian Energy Statistics (2025), Table A, 2023-34. TFEC of refined products

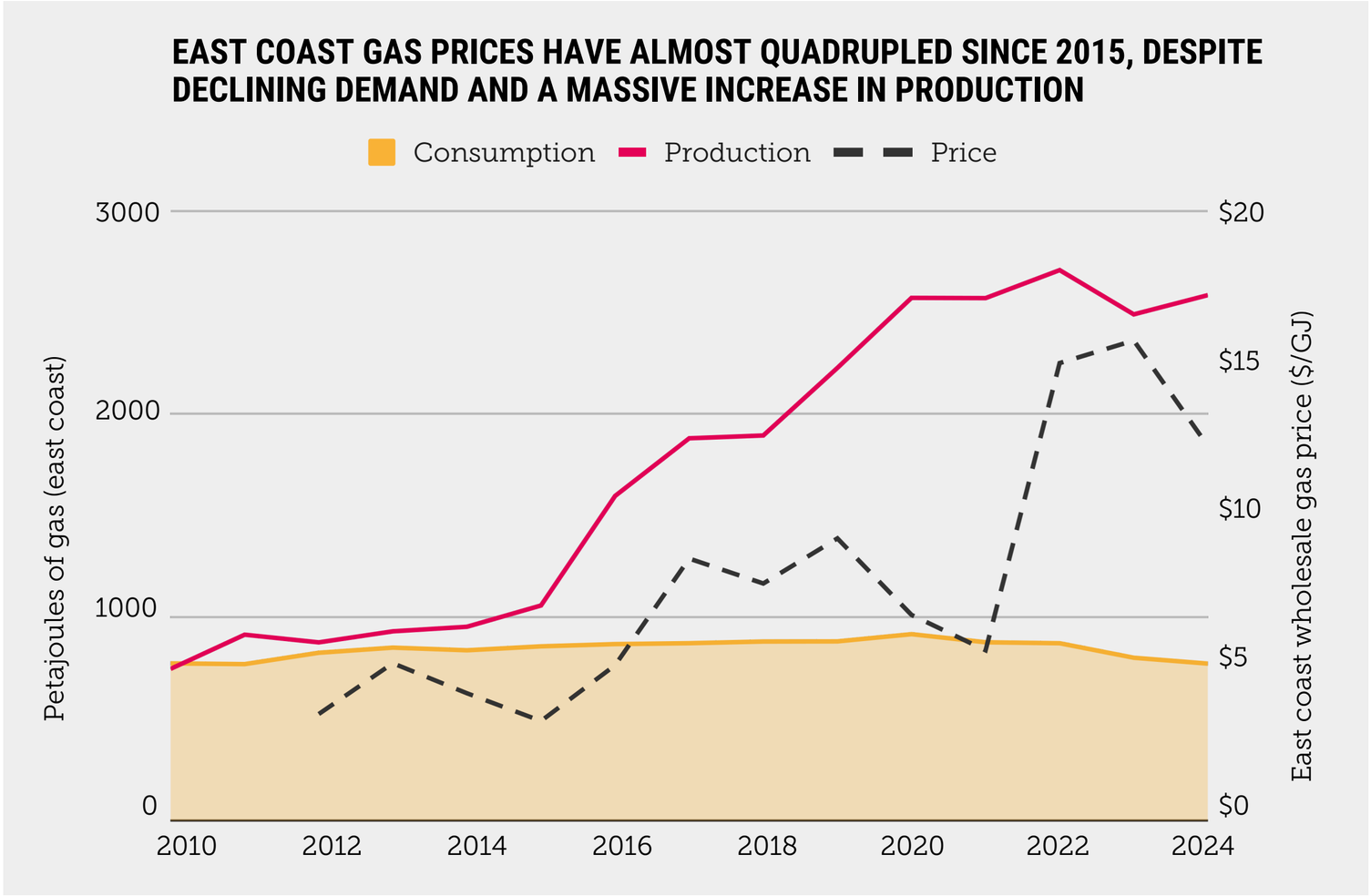
EXTRACTING MORE GAS WON'T STOP US COMPETING WITH THE REST OF THE WORLD FOR OUR OWN ENERGY

Australia doesn't have a gas supply problem, we have a gas export problem.

More gas supply won't improve our energy security or affordability, because supply is not the cause of either of these challenges. After all, Australia already produces 5x more gas than we need.

Since we started exporting gas from the east coast, gas prices have almost quadrupled. This is despite declining production almost tripling, and demand falling 10%.

Extracting more gas would only hand more profits to multinational gas corporations, and lock in more expensive and polluting gas for longer. History shows that this won't increase energy security or reduce prices in Australia, and will only increase corporate profits and climate pollution.



Notes: Excludes Western Australia. Gas production and consumption from Australian Energy Statistics (2025), Table Q3 and Q1, excluding WA.
Gas prices are financial year average prices from AER (2026), numeric average of state values from FY12-FY17, then Walumbilla hub prices thereafter.

PRODUCING MORE PETROL OR DIESEL IN AUSTRALIA WOULD BE AN EXPENSIVE DROP IN THE OCEAN

Impact: Positive – Moderate Negative

High cost, little benefit: producing more petrol or diesel doesn't stack up.

In the 2010s, many of Australia's oil refineries closed, unable to compete with overseas imports. Today, Australia's two remaining refineries rely on subsidies to operate. And like our fuel, much of the oil processed in Australia is imported – Australian oil production is limited, and in many cases, no longer chemically suitable for our refineries.

These same challenges would apply to new refineries. A new refinery would face steep upfront costs, and still produce fuel which is more expensive than imports. Substantial subsidies would be required. Proposals for even costlier coal or gas to liquid facilities face even steeper challenges.

These solutions would do little for our long-term energy security. While electrification can totally remove exposure to global markets, refineries would only partially ease these pressures. Australia would still be at the whim of international oil markets for the vast majority of our fuel.

	BUILDING NEW OIL REFINERIES		BUILDING COAL/GAS TO LIQUIDS FACILITIES	
LOWERS ENERGY COSTS?	✗	In addition to upfront costs in the billions, a refinery would likely require ongoing subsidies to operate, but would not lower fuel costs. The cost of oil inputs (either domestic or imported) would still be subject to global price impacts.	✗	Converting coal or gas to liquids is more expensive than all other sources of oil, requiring substantial government subsidies, and ultimately producing expensive fuel. Given Australia exports most of its coal and gas, input costs would still be linked to global markets.
LOWERS POLLUTION?	✗	A new refinery would add to the 1.6 million tonnes of climate pollution from existing refineries, and do nothing to lower transport emissions.	✗	Coal and gas to liquids production has lifecycle climate pollution up to double the pollution from normal diesel or petrol. South Africa's Secunda coal-to-liquid facility is one of the world's single most climate-polluting facilities, with its 2020 emissions greater than every car in Australia combined.
QUICK TO IMPLEMENT?	✗	No new refinery has been constructed in a Western nation for more than 20 years. Building one in Australia would likely take close to a decade after planning, approvals, construction and commissioning.	✗	A recently commissioned gas-to-liquid project in Uzbekistan took ~15 years from design to commercial production.
DELIVERS LONG-TERM ENERGY SECURITY?	–	Despite significant costs, a new oil refinery would only provide part of our fuel supply. Australia already has two refineries, providing a back-stop. With Australia's oil reserves dwindling, a refinery is also likely to be at least partially dependent on imported oil, limiting security benefits.	✗	The world's largest coal and gas to liquids plants only produce 160,000 and 140,000 barrels per day respectively. With Australia consuming ~1.1 million barrels per day, even a very large a facility in Australia would only provide 10-15% of our fuel needs.

4

WHAT NOW?

HOW GOVERNMENTS CAN ACCELERATE WHAT'S ALREADY WORKING

AUSTRALIA CAN CUT FOSSIL FUEL RELIANCE PERMANENTLY, STARTING WITH A BUDGET THAT PROTECTS AUSTRALIANS

The Australian Government has introduced short-term measures to manage fuel supplies and price spikes, including releasing emergency stockpiles and halving the fuel excise. State governments are also stepping in with temporary support, such as providing free public transport.

While this relief is welcome, it doesn't fix the core problem: as long as Australia relies on fossil fuels, households will stay exposed to supply shortages and price spikes.

The switch to renewable power is a clear opportunity to shelter households and businesses from volatile global fossil fuel markets, and cut climate pollution, permanently.

This is not the first time global events have driven up energy costs, and it won't be the last. The decisions made in this May's budget can determine whether the hip pocket of Australians keeps getting hit, or we're better protected next time.

HOW THE AUSTRALIAN GOVERNMENT CAN DELIVER A BUDGET FOR EXTRAORDINARY TIMES

1. REDUCE FUEL DEPENDENCE WITH ELECTRIC VEHICLES, SHARED AND ACTIVE TRANSPORT
2. POWER HEAVY INDUSTRY WITH AUSTRALIAN RENEWABLES, NOT IMPORTED DIESEL
3. CUT HOUSEHOLD BILLS WITH ELECTRIFIED HOMES, SOLAR AND BATTERIES
4. MAKE GAS CORPORATIONS PAY THEIR FAIR SHARE OF TAX

1 REDUCE FUEL DEPENDENCE WITH ELECTRIC VEHICLES, SHARED AND ACTIVE TRANSPORT

Electrifying transport and increasing shared and active transport use are the most effective ways to permanently protect Australians from surging oil prices. Our policy settings must reflect the dual benefit of both reducing our dependence on imported oil, and slashing climate pollution.

EV uptake in Australia is accelerating – growing from 0.8% of new car sales in 2020 to more than 13% today. Every additional EV reflects permanently lower oil demand, and more fuel available for those who still need it.

Increasing shared and active transport use is a rapid and lower cost option to reduce fuel use and reliance. Delivering fast, frequent and accessible public transport is also key to increasing uptake.

IMMEDIATE BUDGET OPPORTUNITIES

Ensure the electric vehicle fringe benefits tax (FBT) exemption continues to encourage EV uptake.

Extend FBT exemptions or discounts to shared and active transport, like public transport fares or e-bike leasing.

Scale-back FBT exemptions for large, fuel-intensive utes and vans, redirecting incentives toward clean transport.

2 POWER HEAVY INDUSTRY WITH AUSTRALIAN RENEWABLES, NOT IMPORTED DIESEL

Heavy machinery, particularly in mining, is both a major user of diesel and an early electrification opportunity. This machinery has predictable usage patterns and a short range, which suits battery-electric options. Electrifying heavy machinery can also support economies of scale for other heavy vehicles – like trucks.

However, the Fuel Tax Credit (FTC) scheme currently disincentivises electrification of these vehicles. The FTC provides a tax refund for fuel that is used off public roads, and is forecast to grow to $13 billion a year by the end of the decade. The mining industry is by far the biggest beneficiary of the Scheme, receiving almost half. This substantial rebate is both a large cost to the budget, and a barrier to reducing fuel dependence.

IMMEDIATE BUDGET OPPORTUNITIES

Phase out the fuel tax credit scheme - starting with a fuel tax credit rebate cap of $50m for large mining corporations.

Credits above this cap should be redirected to support the uptake of zero-emissions machinery, unlocking billions of dollars in budget-neutral support for energy security.

3 CUT HOUSEHOLD BILLS WITH ELECTRIFIED HOMES, SOLAR AND BATTERIES

Powering homes and businesses with clean, affordable electricity is a win for our energy security, our wallets and the climate.

Australia already leads the world in rooftop solar. Now, home batteries are booming, supported by the Australian Government's Cheaper Home Batteries Program. The government expects the program to deliver two million batteries over the next five years, more than tripling the large-scale storage capacity in Australia's main grid.

By making electrification, solar and batteries more accessible, the Australian Government can deliver immediate savings and long-term protection to households from rising energy costs.

IMMEDIATE BUDGET OPPORTUNITIES

Maintain the home battery scheme's strong support for home batteries, accelerating uptake, and supporting economies of scale and cost reductions.

Strengthen the Household Energy Upgrades Fund by offering zero-interest finance for household energy upgrades, replacing the marginally discounted rates currently available.

4 MAKE GAS CORPORATIONS PAY THEIR FAIR SHARE OF TAX

Australia produces more than enough gas for our use, but we export most of it. As a result, Australia's gas prices are tied to volatile global markets. Put simply, gas corporations are taking our resources, polluting our climate and pocketing the returns – leaving Australians to pay now and into the future.

Right now, gas corporations are paying minimal tax on their exports. Australia only keeps about 30% of what big gas corporations earn by selling our fossil fuels. Most other countries keep 75% or more.

Over time, reducing our reliance on gas altogether is the only way to permanently secure Australia's energy independence, lower bills and cut climate pollution for a safer future. As we necessarily move to phase out our gas production, gas corporations should be made to pay their fair share for the resources they have used.

IMMEDIATE BUDGET OPPORTUNITIES

Australia should implement a gas exports tax.

A gas exports tax is a fair and practical reform that ensures Australian resources deliver for Australians. The revenue should deliver cost of living relief and fund efforts to scale up clean energy – including policies proposed here.

CONCLUSION

A more secure, affordable energy future for Australia

Energy security is not something we can take for granted. Recent years have shown how quickly global shocks can drive up energy costs and expose how vulnerable we are due to a reliance on imported fuels.

Fortunately, there is a clear path forward.

Moving faster on renewables and electrification will reduce our exposure to global volatility, while making energy more affordable and reliable for households and businesses.

Many Australians are already enjoying the benefits of rooftop solar, storage, and electrification. The upcoming budget in May is an opportunity to build on and extend those savings and benefits across the country.

In making the right choices, the Australian Government can better shield households and businesses and deliver lasting cost-of-living relief, all while cutting climate pollution and building a safer future for our kids.

APPENDIX

ANALYSIS METHODOLOGY

METHODOLOGY - FUEL AND TRANSPORT ESTIMATES

EV and hybrid vehicle stock

Australia's electric and hybrid vehicle fleet are estimated by combining historic vehicle registration counts (BITRE 2023, 2024, 2025) up to 31 January 2025, with quarterly new vehicle sales for the remainder of 2025 (AAA, 2026). Q1 2025 sales are scaled down by one-third, conservatively assuming that all January sales are counted in the registration data. Values for 2026 reflect the vehicle fleet at the beginning of 2026 (i.e. January 1, 2026).

Fleet data is classified as battery electric (BEV), hybrid electric, or internal combustion engine (ICE) across passenger vehicle and light commercial vehicle categories, and disaggregated by state and territory.

Fuel savings from EVs and hybrids

Fuel displacement is estimated by calculating the counterfactual fuel each BEV or hybrid vehicle would have consumed as a conventional petrol or diesel vehicle, based on its vehicle type.

Fuel consumption rates are derived from National Transport Commission vehicle emissions intensity data. Specifically, the data dashboard is used to access emissions intensities for vehicles based on vehicle type and fuel. Emissions intensities are then converted to litres per kilometre using the NTC's reported CO2 intensity factors for petrol (2.3 kg CO2/L) and diesel (2.7 kg CO2/L). Because the NTC estimates emissions intensity values based on fuel consumption rates, this approach simply solves for the original fuel consumption rate.

As NTC reported values are based on standardised New European Driving Cycle estimates, adjustments are needed to reflect fuel efficiency in real world driving conditions. A real-world adjustment factor of 1.31 is applied to account for this gap, based on estimates reported by DCCEEW (2025). Fuel consumption rates are combined with average annual kilometres by vehicle type, derived from BITRE (2025) to estimate typical annual consumption for ICE vehicles.

Counterfactual fuel volumes are then estimated as the volume of petrol and diesel which would be used if an EV or hybrid were an ICE vehicle, based on the current market share of petrol and diesel among ICE vehicles. For BEVs, the full counterfactual fuel volume is counted as displaced. For hybrids, savings are calculated as the difference between counterfactual ICE consumption and actual hybrid consumption. All hybrid vehicles are assumed to be petrol vehicles.

The weekly fuel savings volume was converted to an equivalent number of fuel truck deliveries based on a standard 45,000-litre fuel tanker capacity.

Fuel price cost impacts and savings

Weekly avoided fuel costs are calculated by multiplying weekly used or displaced fuel volumes by national average retail petrol and diesel prices, sourced from Australian Institute of Petroleum (AIP) weekly pricing data.

Additional savings or costs during price spikes were calculated relative to a pre-spike baseline of average weekly fuel costs over the preceding period (November 2025 to February 2026).

Potential fuel savings from mode shift to public transport:

The potential fuel reduction from shifting of car trips to public transport is estimated by converting passenger vehicle kilometres travelled to fuel volumes.

Reported passenger kilometres travelled in passenger and light commercial vehicles are converted to vehicle kilometres travelled assuming an occupancy rate of 1.3 passengers per vehicle. This distance is then converted to fuel volumes using the same consumption rates and fleet composition applied in the EV analysis.

A one percent shift from private vehicles to public transport could largely be accommodated by existing services, and accordingly no increase in fuel consumption from public transport is modelled.

METHODOLOGY - AVOIDED GAS CONSUMPTION

Gas displacement from grid-scale batteries

The reduction in gas used for electricity generation attributable to grid-scale batteries is estimated using OpenElectricity monthly generation data from the National Electricity Market (NEM).

Battery discharge volumes in gigawatt-hours are converted to the equivalent gas fuel input that would have been required to produce the same electricity, using a thermal efficiency factor of 45% for gas-fired generation. In the absence of an actual efficiency value for current generation in the NEM, 45% is chosen as a conservative estimate, broadly aligned with GenCost 2025-26. In practice, efficiency can be much lower, and therefore the actual volume of gas use avoided is likely under estimated. For example, GenCost uses an efficiency of 33-36% for new open cycle gas turbines, which represent 7 GW of the 12 GW of gas generation in the NEM.

Monthly gas displacement figures were compared against average Victorian household gas consumption (50,000 MJ per year) to provide a household-equivalent context for the savings.