

Introduction

Jubilee Australia Research Centre welcomes the opportunity to provide a submission to the Select Committee on the Taxation of Gas Resources in its inquiry into the treatment of gas resources.

Jubilee Australia is an independent not-for-profit research centre that conducts research-based advocacy in partnership with other organisations and communities across Australia and the Asia-Pacific, to defend the rights of people and the planet over profit, and hold corporations and governments accountable. Our vision is a fairer future where a healthy planet, empowered communities and just economies go hand in hand.

We have been actively working with organisations and communities across the Asia-Pacific who share a similar interest in Australia's gas exports, including the public finance underwriting the gas industry and its impacts on communities across the supply chain. We have produced publications on this issue, including *How to Build a Gas Empire* released last year.

In this submission, we will be addressing terms of reference a, b, c and g.

Addressing the terms of reference

a) The tax treatment of Australian oil and gas resources, including any proposals for changes to the tax treatment of gas production and export

The oil and gas industry in Australia is severely undertaxed, particularly in terms of exports. Six out of Australia's ten liquified natural gas (LNG) facilities don't pay any royalties¹ and no gas export project has ever paid Petroleum Resource Rent Tax (PRRT).² Fossil fuel companies also avoid company tax; for example, Santos paid \$33 million in corporate income tax in Australia over the past 10 years, equivalent to just 0.08% of the \$41 billion in revenue it earned from its Australian operations.³ Japanese company INPEX has 12 Australian-based entities, of which Ichthys LNG Pty Ltd, which owns INPEX's LNG facility in Darwin, has never paid any corporate tax on the \$43 billion it has earned exporting Australian gas since the facility started operating in 2018.⁴

Recommendation 1: a flat tax of at least 25% on gas export revenues, supported by the Australian Council of Trade Unions⁵ and according to opinion polling, the majority of Australians.⁶

¹ Piers Verstegen, Mark Ogge, Rod Campbell. Australia's Great Gas Giveaway. The Australia Institute; 2024. <https://australiainstitute.org.au/report/australias-great-gas-giveaway/>

² Mark Ogge, Matt Saunders, Rod Campbell. Giving Away Gas to 2030. The Australia Institute; 2025. <https://australiainstitute.org.au/report/giving-away-gas-to-2030/>

³ Kyle Robertson & Jack Wood. Santos: A Risk Financiers Can't Afford. Market Forces; 2026. <https://www.marketforces.org.au/campaigns/companies/santos/santos-report-2026/>

⁴ Australian Taxation Office. Corporate Tax Transparency. 2025. <https://data.gov.au/data/dataset/corporate-transparency>

⁵ ACTU. Windfall profits to oil and gas multinationals should benefit working Australians. 2026. <https://www.actu.org.au/media-release/windfall-profits-to-oil-and-gas-multinationals-should-benefit-working-australians/>

⁶ The Australia Institute. National and Electorate polls – taxing gas exports. 2026. <https://australiainstitute.org.au/report/national-and-election-polls-taxing-gas-exports/>

In terms of Australia's trading partners, it is important to note that the tax would not affect the price of Australia's gas exports or the ability of gas companies to meet their existing contracts.⁷

Analysis from the Institute for Energy Economics and Financial Analysis (IEEFA) comparing possible tax reform options against key criteria shows that the flat LNG tax is one of the best performing, and will have an impact on investment in gas, which we consider a positive outcome.⁸ A 25% tax on all Australian gas exports would not only ensure multinational corporations are contributing more equitably to government revenue, but as a deterrent to investment, would also contribute to the transition away from fossil fuels; changing investment behaviour in favour of alternative i.e. renewable forms of energy, and turning the tide on the expansion of gas projects. The International Energy Agency (IEA) has stated that no new gas projects are needed in the global pathway to net zero emissions by 2050, in line with limiting the average global temperature increase to 1.5°C.⁹ This target was agreed to by the Australian government when signing on to the Paris Agreement, yet has been undermined by existing government policy legislated or mandated under the Albanese government, such as the Future Gas Strategy. Australia also joined the Belém Declaration on the Transition Away from Fossil Fuels at COP30 last year and is attending the first ever conference on this issue in Colombia at the end of this month. In order to engage with these processes in good faith, the government must be viewing policy changes on fossil fuels, including taxation, through the lens of proactive planning for the transition.

b) The expected outlook for gas and oil prices in response to the conflict in the Middle East, including the impact on Australia, Australia's regional trading partners and the Pacific

Here we will focus in on impacts in Asia as Australia's primary market for LNG. Gas prices have surged since the start of the US-Israel war on Iran, with the cost of spot LNG for delivery to North Asia almost doubling.¹⁰ Goldman Sachs has raised its forecast LNG prices in Asia by 15% for the second half of the year, and by 2028, they expect LNG to be around 57% more expensive than forecast before the war.¹¹

Asian governments are implementing short-term demand-side measures, including altered working arrangements and fuel rationing, alongside signs of enduring policy shifts away from gas. This has major implications for Australian gas exporters.¹² The President of South Korea, Australia's

⁷ Richard Denniss and Jack Thrower. Gas export tax won't harm trade or diplomacy despite industry scare campaign claims. The Point. 2026. <https://thepoint.com.au/explainers/260326-gas-export-tax-wont-harm-trade-or-diplomacy-despite-industry-scare-campaign-claims>

⁸ Josh Runciman. Australians sharing in windfall LNG profits? A no-brainer. IEEFA. 2026. <https://ieefa.org/resources/australians-sharing-windfall-lng-profits-no-brainer>

⁹ IEA. Net Zero by 2050. 2021. <https://www.iea.org/reports/net-zero-by-2050>

¹⁰ Clyde Russell. Iran war is both a boost and a threat to Australia's LNG. Reuters. 2026. <https://www.reuters.com/markets/commodities/iran-war-is-both-boost-threat-australias-lng-2026-04-01/>

¹¹ Rebecca F. Elliott and Brad Plumer. Why the Iran War May Force Countries to Rely Less on Natural Gas. The New York Times. 2026. <https://www.nytimes.com/2026/03/29/business/energy-environment/iran-war-natural-gas.html>

¹² IEEFA. Impact of Middle East Crisis on Global Energy Markets. 2026. <https://ieefa.org/impact-middle-east-crisis-global-energy-markets>

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third largest LNG buyer, has called for a rapid transition to renewables;¹³ Vietnam has scrapped plans for a new LNG-fired power plant, with developers citing the war as increasing financial risks associated with gas, and proposing a renewable energy project instead;¹⁴ the Philippines state of national emergency explicitly looks to accelerate renewable energy development, describing this as a practical way to reduce the country's exposure to imported fuels impacted by the war.¹⁵ The Philippines and Vietnam began importing LNG in 2023,¹⁶ with some Philippines imports coming from Australia,¹⁷ while DFAT has described the 'great potential' for Australian LNG exports to Vietnam.¹⁸ The gas industry and its supporters are expecting and counting on emerging markets in Asia to be the largest growth markets for LNG demand globally, however, this demand is no longer guaranteed as the precarity and high costs of fossil fuel dependence becomes increasingly clear.¹⁹

China, Australia's second largest gas buyer, has meanwhile started cashing in on soaring spot prices, reselling record volumes of LNG, as its own demand has plateaued and its renewable energy capacity has rapidly expanded.²⁰ Japan had reached a new record in reselling LNG prior to the war,²¹ however, it is now facing increased LNG import costs. This was observed after Russia invaded Ukraine, when annual spending on LNG imports increased by 65% while import volumes declined by 3%. Energy finance specialists concluded that Japan's best safeguard against energy shocks is to prioritise renewables.²²

Recommendation 2: Australia should proactively engage with its regional trading partners on transitioning away from fossil fuels and scaling up renewables. The Fossil Fuel Treaty has proposed 'buyers and sellers clubs' as a mechanism to align trade relationships with transition objectives. These clubs would bring together fossil fuel exporting and importing countries

¹³ Ji Da-gyum. South Korean President Lee calls for fast renewable pivot, says energy crisis keeps him up at night. Asia News Network. 2026. <https://asianews.network/south-korean-president-lee-calls-for-fast-renewable-pivot-says-energy-crisis-keeps-him-up-at-night/>

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

¹⁵ Department of Energy, Republic of the Philippines. DOE: Strong RE Investment Among Key Strategies Amid Middle East Pressures. 2026. <http://doe.gov.ph/articles/3394493--doe-strong-re-investment-among-key-strategies-amid-middle-east-pressures>

¹⁶ Sam Reynolds, Ramnath N. Iyer. Iran tensions underscore the urgency of Asia's renewables pivot for macroeconomic stability. IEEFA. 2026. <https://ieefa.org/resources/iran-tensions-underscore-urgency-asias-renewables-pivot-macroeconomic-stability>

¹⁷ IEEFA. Australian Gas and LNG Tracker. 2025. <https://ieefa.org/australian-gas-and-lng-tracker>

¹⁸ DFAT. Australia-Vietnam Enhanced Economic Engagement Strategy. 2021. <https://www.dfat.gov.au/australia-vietnam/ees/en/strategy/opportunities/resources-and-energy.html>

¹⁹ IEEFA. Impact of Middle East Crisis on Global Energy Markets. 2026. <https://ieefa.org/impact-middle-east-crisis-global-energy-markets>

²⁰ Emily Chow and Sam Li. In tight global market, well-positioned China resells record LNG volumes. Reuters. 2026. <https://www.reuters.com/business/energy/tight-global-market-well-positioned-china-resells-record-lng-volumes-2026-04-01/>

²¹ Sam Reynolds. Japan's LNG resales set new records despite looming oversupply in global markets. IEEFA. 2026. <https://ieefa.org/resources/japans-lng-resales-set-new-records-despite-looming-oversupply-global-markets>

²² Walter James & Michiyo Miyamoto. Japan's diversified LNG procurement strategy cannot fully shield it from global price spikes. IEEFA. 2026. <https://ieefa.org/resources/japans-diversified-lng-procurement-strategy-cannot-fully-shield-it-global-price-spikes>

committed to phasing down fossil fuel trade in a predictable, transparent, and mutually beneficial manner, while jointly investing in renewable energy and economic diversification.²³

c) The impact of this outlook on the profitability of Australian LNG exporters and on the stability and reliability of global energy markets

The increase in LNG prices is likely to massively boost Australian LNG export earnings. This happened after Russia’s invasion of Ukraine, when oil and gas sector profits increased from AU\$13 billion in FY2020-21 to a staggering AU\$62 billion in FY2022-23.²⁴ Analysis from IEEFA shows that this did not flow through to royalty revenue, which was in fact lower in this period than in years of normal pricing – reiterating the need for tax reforms such as **Recommendation 1** that will capture windfall profits.²⁵ Indeed, this spike in oil and gas prices led to record fossil fuel profits globally, leading to increased capital expenditure in the sector including in new oil and gas fields, and a worse investment environment for renewables.²⁶

At the recent Australian Domestic Gas Outlook Conference, gas industry stakeholders expressed optimism around opportunities presented by the war, including leveraging Australia’s reputation as a reliable LNG supplier to Asia to attract more capital to develop gas reserves.²⁷ However, as described earlier, countries in Asia are realising that the long-term solution to reduce their exposure to global market volatility is through the rapid deployment of renewables. It is unjust to allow companies to profit from another energy crisis, expand fossil fuel production further and lock us into decades of increasing emissions and climate catastrophe. The real opportunity here is to decouple energy markets from the geopolitical volatility of commodity markets by prioritising energy sovereignty and accelerating the transition to renewables across the region.

g) Any other related matters

There are two additional issues regarding the taxation of oil and gas companies which the committee may also be interested in considering.

Firstly, we have identified the issue of Australian multinationals potentially shifting profits from Australia to comparatively lower taxing jurisdictions. The ‘Making Multinationals Pay Their Fair Share—Integrity and Transparency’ Bill amended the *Corporations Act 2001* to require Australian public companies to disclose information about their subsidiaries in their annual financial reports

²³ Amiera Sawas, Rebecca Byrnes and Mia Partridge. If it’s not global, it’s not just: How a Fossil Fuel Non-Proliferation Treaty can accelerate finance for a global just transition. The Fossil Fuel Non-Proliferation Treaty Initiative. 2024. <https://www.fossilfuel treaty.org/research>.

²⁴ Josh Runciman. Australians sharing in windfall LNG profits? A no-brainer. IEEFA. 2026. <https://ieefa.org/resources/australians-sharing-windfall-lng-profits-no-brainer>

²⁵ Ibid.

²⁶ Semieniuk G, Weber IM, Weaver IS, Wasner E, Braun B, Holden PB et al. Best of times, worst of times: record fossil-fuel profits, inflation and inequality. Energy Research Social Science. 2025. <https://doi.org/10.1016/j.erss.2025.104221>

²⁷ Clyde Russell. Iran war is both a boost and a threat to Australia’s LNG. Reuters. 2026. <https://www.reuters.com/markets/commodities/iran-war-is-both-boost-threat-australias-lng-2026-04-01/>

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by way of a ‘consolidated entity disclosure statement’,²⁸ as well as making changes to tax legislation. A review of recent Consolidated Entity Disclosure Statements shows that there is a clear trend towards Australian multinationals, including oil and gas companies, having a holding company in Singapore as part of their multinational structure. This includes Santos, with Santos Singapore Hold Co Pte Ltd;²⁹ Woodside Energy with Woodside Energy Australia Asia Holdings Pte Ltd;³⁰ and Origin Energy with Origin Energy Singapore Holdings Pte Limited.³¹

Jubilee Australia is still understanding the significance of this. However, the taxation rate on a Singaporean holding company can be highly beneficial for multinationals, with ‘no capital gains tax; tax-exempt dividends from qualifying subsidiaries; and a 17% corporate tax rate’.³² There are also enhanced deductions for research and development.³³

Recommendation 3: Further enquiry is needed into the use of holding companies in other jurisdictions and their role in any profit shifting across an Australian multinational.

Secondly, Australian corporations are currently able to claim their legal expenses, such as those incurred defending future earnings,³⁴ as a tax deduction. There is no cap on this ability to claim. Penalties and fines imposed by statutory bodies as a result of breaches of an Australian law are not deductible.³⁵

However, it appears that Australian corporations may claim their legal expenses in defending prosecution by an Australian regulatory authority (e.g. by the NSW EPA or ASIC), in defending proceedings for negligence and class actions, and potentially even Strategic Litigation Against Public Participation (SLAPP) suits.

A submission by Dr Peter Cashman to the 2021 Parliamentary Joint Committee report on litigation funding and class actions identified that ‘commercial respondents and insurers may deduct from assessable income the entirety of the legal and other expenses incurred by them in defending

²⁸ Treasury Laws Amendment (Making Multinationals Pay Their Fair Share - Integrity and Transparency) Act 2024 (Cth), see also https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r7057

²⁹ Santos, *Consolidated Entity Disclosure Statement, Annual Report 2025*, at 260, available at <https://www.santos.com/wp-content/uploads/2026/02/Appendix-4E-and-2025-Annual-Report.pdf>. In Santos’ Annual Report 2025 at footnote3 on page 262, it provides further explanation as to why this holding company has ‘country of tax residence’ listed as ‘N/A’: ‘In Singapore, tax residency is determined based on where an entity’s central management and control is located. As no central management and control was exercised for this entity, it is not a tax resident of any country.’

³⁰ Woodside, *Consolidated Entity Disclosure Statement, Annual Report 2025*, at 236, available at [https://www.woodside.com/docs/default-source/investor-documents/major-reports-\(static-pdfs\)/2025-annual-report/annual-report-2025.pdf](https://www.woodside.com/docs/default-source/investor-documents/major-reports-(static-pdfs)/2025-annual-report/annual-report-2025.pdf)

³¹ Origin Energy, *Consolidated Entity Disclosure Statement, Annual Report 2025*, at 145, available at https://www.originenergy.com.au/wp-content/uploads/107/Origin_2025_Annual_Report.pdf

³² Piloto Asia. How to Start a Holding Company in Singapore – 2026 Guide to Asset Protection, Tax Benefits & Setup. 2026. <https://www.pilotoasia.com/guide/holding-company-singapore>

³³ PwC. Singapore Corporate – Deductions. 2026. <https://taxsummaries.pwc.com/singapore/corporate/deductions>

³⁴ See Australian Taxation Office, ‘Claiming a tax deduction for other operating expenses,’ available at <https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/deductions/deductions-for-operating-expenses>

³⁵ Ibid.

claims. This unlimited tax deductibility is availed of in all cases, irrespective of the merit of the defence or the outcome of the case. Thus, in effect, through the tax system, the Commonwealth subsidises unsuccessful defendants in class actions and other civil litigation (...) The Commonwealth generally, and the Treasury in particular, does not have available statistical data on the economic impact of such deductions.³⁶

This essentially means that where any Australian corporation (including an oil or gas company) is being prosecuted for breaches of Australian law, the taxpayer is subsidising the company's legal costs as well as paying for its prosecution, even where the prosecution is successful.

This may be the case, for example, when:

- NOPSEMA prosecuted PTTEP Australasia (Ashmore Cartier) Pty Ltd ('PTTEPAA') for breaches of the OPGGS Act 2006 in the Darwin Magistrates' Court over its 2009 Montara oil spill;
- The Federal Court of Australia, after cases from 2016 – 2024 found PTTEPAA to have been negligent in a class action regarding the Montara oil spill;
- the Australian Energy Regulator brought proceedings against Santos in 2019 in the Federal Court of Australia for contravention of the National Gas Rules;³⁷
- ASIC takes appropriate disciplinary action, including filing proceedings for potential greenwashing conduct.³⁸

Records with the ATO are exempt from release under the *Freedom of Information 1982* (Cth), which means that civil society is unable to find out the amount of legal expenses that may have been claimed as a tax deduction by an individual company, or the broader systemic picture.

Recommendation 4: It would be prudent and appropriate for there to be an extension of the categories in which tax deductions may not be claimed. This should include:

- Legal costs incurred in defending prosecutions by any Australian regulatory agencies (including, but not limited to, environmental regulators, and ASIC);
- Legal costs incurred in defending a class action in the Federal Court of Australia.

³⁶ Peter Cashman, Submission to the Treasury in respect of Recommendation 20 of the Parliamentary Joint Committee report on litigation funding and class actions: 28 June 2021, at 12, available at https://treasury.gov.au/sites/default/files/2021-10/c2021-176658-dr_peter_cashman.pdf

³⁷ Australia Energy Regulator. Santos penalised \$2,750,000 for breaches of National Gas Rules. 2024. <https://www.aer.gov.au/news/articles/news-releases/santos-penalised-2750000-breaches-national-gas-rules>

³⁸ ASIC. ASIC's interventions on greenwashing misconduct: 2023 – 2024. 2024. <https://download.asic.gov.au/media/lbygvudn/rep791-published-23-august-2024.pdf>