

Gas Corporations could make \$107 billion exporting LNG in 2026

The case for a 50% tax on LNG export revenue

Max Chandler-Mather 13 April 2026

Executive summary

Key Findings

- Gas corporations operating in Australia could make between \$78 and \$107 billion in revenue exporting Australian gas in the 2026 calendar year, based on analysis of future market prices for oil and LNG, and oil and LNG price forecasts from an Oxford Economics Report. This is far greater than the \$50 billion in total export revenue for 2026 projected in December 2025, based on figures published by the Australian Government, in the Resources and energy quarterly.¹
- As a result gas corporations stand to make a windfall profit of between \$28 and \$57 billion this calendar year
- Since the introduction of Norway's 78% marginal tax rate on oil and gas export profit, the average tax on total revenue has equated to 59%, which means a 50% tax on oil and gas export revenue would come much closer to matching Norway's tax on their oil and gas exports
- A 50% tax oil and gas export revenue could raise between \$40 and \$55 billion in the 2026/27 financial year, which equates up to \$5000 for every Australian household²
- Had a 50% tax on oil gas export revenue been introduced after Russia's invasion of Ukraine in 2022, the Australian Government would have raised \$141 billion by the end of this financial year

This analysis considers two scenarios. The first scenario is based on the price of oil and LNG currently predicted by the futures markets, specifically the price of Japan Customs Crude (JCC), the benchmark for most LNG export contracts in Australia, and the LNG Japan/Korea Marker (JKM), which sets the Asian spot price for LNG.³

¹ Resources and energy quarterly; December. Department of Industry, Science and Resources.

<https://www.industry.gov.au/publications/resources-and-energy-quarterly-december-2025>

² Based on 10,904,163 households projected for 2026 by Household and Family Projections, Australia. Australian Bureau of Statistics.

<https://www.abs.gov.au/statistics/people/population/household-and-family-projections-australia/latest-release>

³ Accessed Friday 10th April 2026:

<https://www.cmegroup.com/markets/energy/natural-gas/japan-crude-cocktail-detailed.settlements.html>

The second scenario is based on prices for oil and LNG [modelled by Oxford Economics in the event of a longer war](#)⁴.

Rather than a 25% flat tax on gas export revenue, The Green Institute argues for a 50% tax for four reasons:

1. **50% is much closer to Norway's oil and gas taxation system.** Norway's 78% tax on oil and gas export *profit* – introduced in 1996 – has, on average, amounted to an effective 59% tax on revenue.
2. **Gas corporations consistently report very high profit margins and could easily afford a 50% tax on gas export revenue.** Based on the annual reports of Woodside and Santos, the cost of producing gas is very similar to the cost of producing oil and gas in Norway
3. **Gas corporations have had it too good for too long.** Since Russia's invasion of Ukraine in 2022, gas corporations have exported \$289 billion worth of gas and paid no royalties on 50% of those exports.
4. **The Australian Government could have raised \$141 billion.** Had Labor introduced a flat 50% tax on gas export revenue in 2022 we would have raised more than \$141 billion by the budget in May 2026.

If Labor were to introduce a 50% tax on gas export revenue in the next budget, it would raise between \$40 billion and \$55 billion in just the first year. That is equivalent to half the GST revenue in a single year.

The US/Israel and Iran war is impacting gas export revenues in two key ways. In the short term, the partial blockage of the Strait of Hormuz – a key supply route for oil and LNG – is driving up prices of oil and LNG. In the long term, recent Iranian strikes on Qatar have knocked out 17% of Qatar's LNG export capacity for up to five years⁵. Qatar supplies a fifth of the world's LNG and is a key supplier to the Asian market.

Analysts at major financial and energy institutions have warned that it could take 12 months for oil prices to return to pre-Iran war levels even if the ceasefire holds.⁶ This is because of the lasting damage to oil infrastructure in the Middle East and Gulf countries, and the time it will take to bring oil export and production back to normal levels.

As a result, whatever happens from here, gas corporations in Australia stand to make massive windfall profits for years to come.

⁴ The economic impact of a prolonged Iran war. Oxford Economics.
https://www.oxfordeconomics.com/wp-content/uploads/2026/04/PI_1_20260402-Australia-Middle-East-Conflict.pdf

⁵ Iran attacks wipe out 17% of Qatar's LNG capacity for up to five years, QatarEnergy CEO says. Reuters.
<https://www.reuters.com/business/energy/iran-attack-damage-wipes-out-17-qatars-lng-capacity-three-five-years-qata-renergy-2026-03-19/>

⁶ Oil prices could take a year to return to pre-Iran levels even if ceasefire holds, Australian experts warn. The Guardian.
<https://www.theguardian.com/australia-news/2026/apr/10/oil-prices-iran-war-ongoing-middle-east-conflict-fuel-australia>

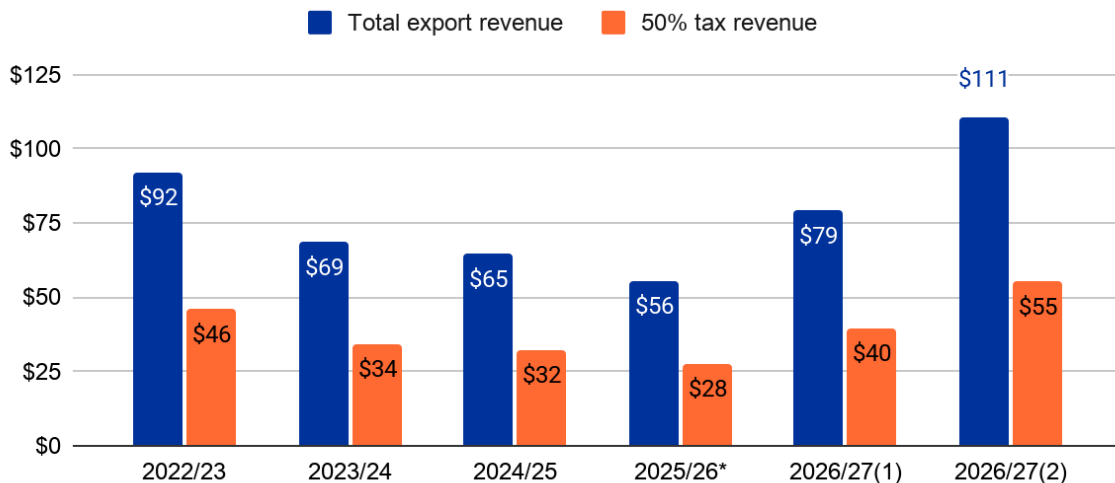


A 50% flat tax on export revenues

Had a 50% flat tax on gas export revenues been introduced in the federal budget after Russia's invasion of Ukraine in 2022, the Australian government would have earned at least \$141 billion by the end of this financial year - or \$35 billion a year on average.

And if the Federal Government introduces a 50% tax in the coming federal budget, it could earn between \$40 billion and \$55 billion in the first year alone. That's enough to give every household in Australia at least a \$5,000 cash payment, or build 110,00 public homes.

How much could a 50% tax on gas export revenue raise (\$billion)



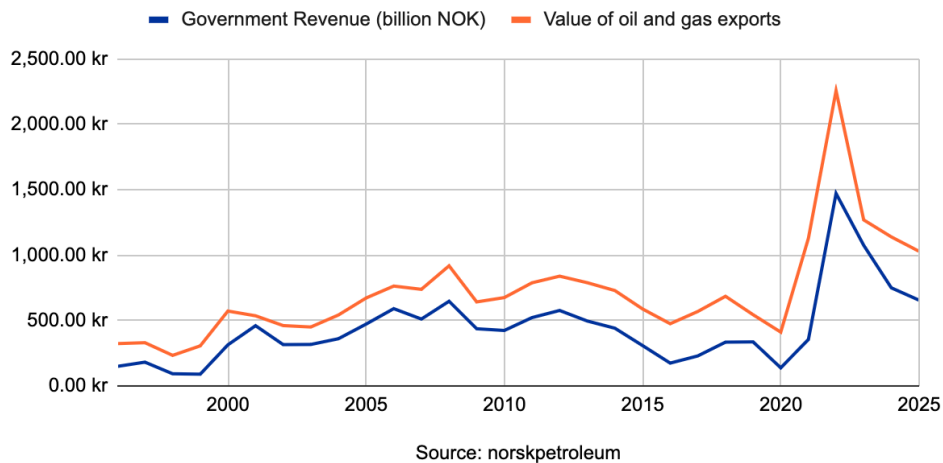
Source: Australian Bureau of Statistics, International Trade in Goods; Green Institute modelling

Comparison to Norway

Norway has an effective 78% tax on oil export profits.⁷ Green Institute analysis of the value of Norwegian oil exports and government revenue data since 1996 has found that, on average, Norway's modern oil and gas taxation system has equated to a 59% tax on all oil and gas export revenue.

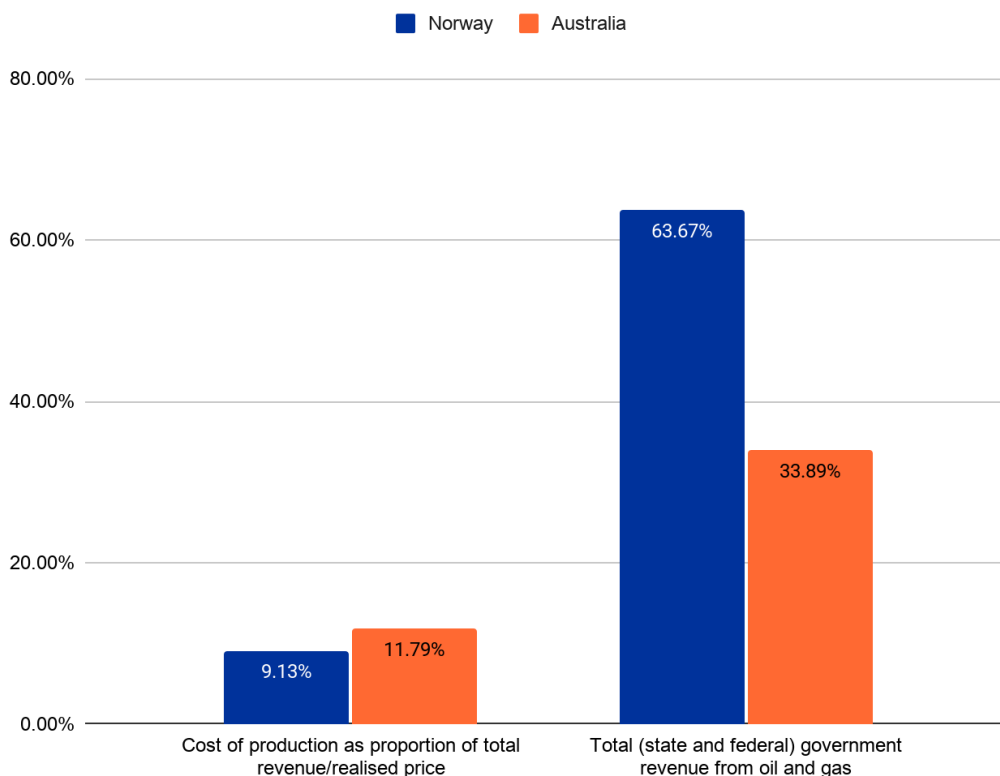
⁷ The petroleum tax system. Norwegian Petroleum. <https://www.norskpetroleum.no/en/economy/petroleum-tax/>

Norwegian Government revenue from oil and gas exports



In 2025 the cost of producing oil and gas for export in Norway amounted to 9% of total revenue. By comparison in Australia the average unit cost of producing gas (across Woodside and Santos) for export amounted to 11% of the average realised price for LNG. In other words, according to the annual reports for two of Australia’s largest gas exporters, the cost of production of oil and gas are very similar in Australia and Norway.

Comparing Norway and Australia's Oil and Gas cost of production and tax paid in 2025



Sources: norskpetroleum; Woodside 2025 Annual Report; Santos 2025 Annual Report; APPEA; Resources and energy quarterly: December 2025, Department of Industry, Science and Resources

Cost of gas production in Australia

Gas corporations engage in aggressive tax dodging behaviour, in part by artificially inflating costs of production and other expenses. Researchers, like Daniel Bleakley, have noted that costs reported by multinational gas corporations like Santos and Woodside to the Australian Tax Office are often much higher than what was reported in those corporations' annual reports to shareholders.⁸ This report aggregates the cost of production from annual reports of major gas exporters in Australia.

Santos defines cost of production as:

*The costs associated with producing gas and liquid hydrocarbons, including extracting, processing, storing, repairs and maintenance and overhead costs allocated to the above activities.*⁹

Woodside, Santos, and Chevron all report costs of production as USD\$ per barrel of oil equivalent (boe). For consistency and ease of comparison this report converts barrel of oil equivalent to \$USD/mmBtu, with one boe equalling 5.8 million British thermal units (mmBTU).¹⁰ This is achieved by simply dividing \$US/boe by 5.8 to derive the \$/mmBtu.

	Unit cost of production (USD\$boe)	Unit cost of production (USD\$mmBtu)	Source	Note
Santos	\$7.45	\$1.28	Santos Fourth Quarter Report December 2025 (page 7)	Page 7. 2026 unit production cost is reported as \$6.95-\$7.45
Woodside	\$7.80	\$1.34	Woodside 2025 Annual Report	Page 6
Chevron	\$3.75	\$0.58	Chevron 2024 Annual Report	Page 97
Average	\$6.33	\$1.07		

⁸ A tale of two fossil superpowers: what Australia can learn from Norway.
<https://michaelwest.com.au/a-tale-of-two-fossil-superpowers-what-australia-can-learn-from-norway/>

⁹ Santos 2025 Full-year results.
https://www.santos.com/wp-content/uploads/2026/02/Santos-2025-Full-Year-Results_Presentation.pdf

¹⁰ Approximate conversion factors. BP.
<https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-approximate-conversion-factors.pdf>



Across available data found in annual and quarterly reports, the average cost of production per unit of gas in 2026 is \$USD1.07 per mmBtu. By comparison, the Australian Financial Review has reported that Santos and Woodside have each recently sold gas on the spot export market for \$USD25 per mmBtu¹¹.

Estimating 2026 and 2026/27 export revenue

Gas corporations export LNG under either a contracted price or on the open spot market. In the first half of 2025, 24% of Australian LNG was exported on the spot market (i.e. not under contract), with the other 76% exported under contract.¹² This report assumes that this ratio will be maintained in 2026.

LNG sold on the spot market and under contract are sold under different pricing schemes. Contracted gas is generally linked to the price of the JCC, and non-contracted gas price set by the Asian spot market.

In order to forecast revenue for 2026, this report forecasts two scenarios based on two different sets of future prices.

Scenario One relies on futures markets for the price of JCC and LNG Japan/Korea Marker (JKM), demonstrating how the market believes prices will move over the next 12 months. The one exception is for the months of March and April where the spot price is assumed as \$US25/mmBtu on the basis of reports that Santos and Woodside had both sold shipments of LNG at that price.¹³

This is a conservative estimate given analysts at Morgan Stanley have forecast a "\$30/mmbtu average JKM [Japan-Korea marker, the benchmark for Northeast Asia] for the balance of 2026".¹⁴

Scenario Two relies on research done by Oxford Economics¹⁵ that models the impact of a prolonged war on energy prices and the Australian economy. Under this scenario, Brent oil prices peaked at \$US190 a barrel in August 2026 while the Asian LNG spot market price for gas peaked at \$US30 per million British thermal units (mmBtu). Prior to the war, some analysts were predicting that the spot price for LNG would fall to \$9 per mmBtu in 2026.¹⁶

¹¹ Australian gas producers reap windfalls as Iran war chokes global supply. Australian Financial Review. <https://www.afr.com/companies/energy/australian-gas-producers-reap-windfalls-as-iran-war-chokes-global-supply-20260305-p5o7nl>

¹² *Australian Gas and LNG Tracker*. The Institute for Energy Economics and Financial Analysis (<https://ieefa.org/australian-gas-and-lng-tracker>)

¹³ Australian gas producers reap windfalls as Iran war chokes global supply. Australian Financial Review. <https://www.afr.com/companies/energy/australian-gas-producers-reap-windfalls-as-iran-war-chokes-global-supply-20260305-p5o7nl>

¹⁴ <https://www.theglobeandmail.com/investing/markets/inside-the-market/market-news/article-stock-market-today-live-updates-march-20/>

¹⁵ The economic impact of a prolonged Iran war. Oxford Economics Australia. https://www.oxfordeconomics.com/wp-content/uploads/2026/04/PI_1_20260402-Australia-Middle-East-Conflict.pdf

¹⁶ LNG markets could face year-long turmoil after strike on Qatar facility. Australian Financial Review. <https://www.afr.com/companies/energy/lng-markets-could-face-year-long-turmoil-after-strike-on-qatar-facility-20260319-p5pu7d>



\$AUbillion	Scenario One	Scenario Two
2026 Calendar Year Export Revenue	\$78	\$107
2026/27 Revenue	\$79	\$111
50% tax on export revenue in 2026/27	\$40	\$55
Windfall profit for 2026	\$28	\$57
Windfall profit for 2026/27	\$32	\$64

Contracted Price calculation

Australia LNG export contract prices are largely linked to crude oil prices¹⁷, measured by the Japan Customs Crude price (JCC), which is the average price of customs-cleared crude oil imports into Japan. The price is linked via a three month rolling average of the JCC.

The standard equation to determine the price is:

$$\text{Price of LNG} = 3 \text{ month average Price of JCC} \times \text{Slope} + \text{Constant}$$

In this case, the price is measured in USD per one million British thermal units (mmBtu).

Slope is the percentage of the crude oil price applied to the LNG price. For the purposes of this modelling, the slope rate is estimated to be an average of 13%.¹⁸ The *constant* generally reflects LNG transportation costs, which the ACCC currently estimates at US\$1.14 per mmBtu¹⁹.

For example, to determine the contract price for June 2026:

The three month average JCC price in June 2026 (based on JCC futures) is US\$112.84 a barrel.

In June 2026, contracted LNG export price = \$112.84 x 13% + US\$1.14 per mmBtu

This equals a contracted price of LNG at US\$14.0mmBtu.

¹⁷ *Australia and the Global LNG Market*. Reserve Bank of Australia 2015
<https://www.rba.gov.au/publications/bulletin/2015/mar/pdf/bu-0315-4.pdf>

¹⁸ Contract slope rates are generally kept confidential. 13% is the median slope rate of stated ranges of 12% - 15% in Australian export contracts (*Australia and the Global LNG Market*. Reserve Bank of Australia.
<https://www.rba.gov.au/publications/bulletin/2015/mar/pdf/bu-0315-4.pdf>

¹⁹ LNG FREIGHT RATE ESTIMATES – Results. Australian Competition and Consumer Commission. 2025.
<https://www.accc.gov.au/system/files/fti-consulting-lng-freight-rate-estimates-report-june-2025.pdf>



How much gas will Australia export this year

This report relies on the [Office of the Chief Economists](#)' forecast of LNG export volumes for the 2026 calendar year and the 2026/27 financial year, which can be found published in the [Resources and energy quarterly](#)²⁰. The Office of the Chief Economist forecast that 81.5 million tonnes of lng in the 2026/27 financial year, up from 78.5 million tonnes in 2025/26.

²⁰ <https://www.industry.gov.au/publications/resources-and-energy-quarterly-december-2025>

