

MEDIA RELEASE

New modelling shows gas export levy will significantly reduce energy costs and deliver billions for Australia's budget

[Future Group](#), Australia's fastest growing ethical investment group, with more than \$13 billion under management, is calling on the Australian government to bolster federal government revenue by introducing a broad-based 25% gas export levy. Conservative modelling has shown this could **generate up to \$17 billion in the first year while driving down wholesale electricity costs by an estimated 15%**.

The increasingly volatile geopolitical situation means that significant investment is required to fast track the energy transition and drive domestic energy security. Given the impact these investments will have on the federal budget, Future Group engaged respected energy consulting firm [Arthur D. Little](#) (ADL) to test several scenarios to bolster Australia's budget through achieving more revenue from gas, including a 25% export levy.

Australia is at a pivotal moment to ensure it does not miss out on a fair share of its gas exports as the International Energy Agency projects that Asia-Pacific LNG demand is in structural decline and will peak by 2035.

The modelling found:

- **The gap between what Australia collects and what comparable nations collect is stark:** Norway captures approximately 57–60% of petroleum resource rents; Qatar captures around 35%; the United Kingdom around 38–40%. Australia's current effective resource rent capture rate sits at approximately 6.9% (PRRT + royalties and excise).
- **A 25% export levy creates a price incentive for gas producers to sell locally rather than abroad.** This would reduce the cost for East Coast buyers compared to international buyers and increase domestic supply. It is estimated this would **reduce wholesale electricity costs in Australia by up to 15% compared to where they would be without any levy.**
- ADL modelling shows that **existing LNG projects will remain profitable** under a 25% broad-based levy. The internal rate of return (IRR) on existing legacy LNG projects is likely to reduce by an average of 2%, depending on the project. This demonstrates that established projects remain comfortably profitable and are not put at risk.

- If the government chose to impose a prospective levy on gas exports (uncontracted gas only), the modelling found that the government would secure a much smaller benefit of \$3 billion per year. If it were to apply a 25% windfall levy, it would generate \$1 billion of additional revenue per year on average over ten years.
- Exports volumes and prices are not expected to be materially impacted by a 25% export levy. The levy is expected to be absorbed by gas companies as a marginal impact to their profits, not by international buyers as the price paid for Australian exports is set largely by regional market prices.

Simon Sheikh, CEO of Future Group said:

"Australia is one of the world's largest gas exporters, yet Australians see almost none of the benefit. A well-designed export levy improves basic economic fairness while driving down prices for Australian households and businesses.

"An export levy makes it more attractive to sell gas to Australians. This policy will bolster the budget by \$17 billion in the first year and reduce the wholesale price of electricity by up to 15%.

"It's a no-brainer.

"The window to act is closing. Asian demand for Australian gas will peak within a decade, and once it's gone, it's gone. We need to secure a fair return now, before that opportunity passes us by.

"Over the last few weeks, we have heard repeated claims about a levy causing an investment chill and putting trade relationships at risk. But the facts are clear: even with a 25% broad-based export levy, operational sites will remain highly profitable. And for those new projects that would be unviable, the modelling shows that the vast majority would not pass Final Investment Decision even without a levy.

"For our trade relationships, the implications are clear - an export levy does not restrict volumes, cancel contracts, or limit production. It is an export levy on revenue. Australia will still be a reliable producer of LNG to the region.

"Australians and the Australian budget are feeling incredible strain right now. This crisis has already surpassed any previous oil shock.

"We need to bolster our supply chains and ensure they no longer rely on foreign fuel. The government will need to fast track Australia's sovereign energy capability and that requires bolstering government revenue.

“The government could fast track heavy transport electrification which would insulate our supply chains from future shocks, bolster industrial energy security and resilience and substantially improve affordability by supporting long-term access to reliable, lower-cost energy. A 25% levy on gas can help fund these nation building investments.”

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About Future Group

Future Group is a superannuation company with a bold vision: to ensure all of Australia’s retirement savings contribute to positive social and environmental impacts.

As of April 2026, Future Group supports over 415,000 members and oversees more than \$13 billion in funds under management.

NOTES TO EDITORS

The below table reflects what recent Wood Mackenzie modelling commissioned by the Australian Energy Producers claims and what the ADL modelling commissioned by Future Group concludes.

Wood Mackenzie modelling	ADL Modelling
A 25% tax on gas would harm investment	<p>Existing LNG projects are highly profitable and a 25% export levy will only clip healthy investor margins. For existing LNG projects, ADL estimates a current average baseline Internal Rate of Return (IRR) reduction of up to a maximum of 2%. These are cost-recovered projects with decades of remaining field life. An up to 2% reduction in IRR does not threaten continued operation or overall profitability, instead the levy reduces excess margins.</p> <p>Claims that the levy would push effective tax burdens to extreme levels—such as 90% or more—relate to marginal greenfield and brownfield projects that already have low or unviable IRR projections under existing conditions. In other words, some of these projects fail to meet industry-claimed return thresholds even before any policy change, reflecting broader structural pressures in global gas markets rather than the levy itself.</p>

	<p>There may be some marginal brownfield projects that become uncommercial with a 25% export levy, however this can be solved through policy design, i.e. by phasing in the levy overtime.</p>
<p>A 25% tax on gas exports would harm trade relationships</p>	<p>A broad-based 25% export levy applies to export <i>revenue</i>. It does not restrict volumes, cancel contracts, or limit production. A broad-based 25% levy on gas will not harm trade relationships because the supply of gas that trade partners have access to from Australia will remain relatively constant and the price will be set by global and regional prices, for which Australia’s taxing arrangements are unlikely to have any impact.</p>
<p>Gas producers already pay tax</p>	<p>It has been argued that Australian gas companies do pay other forms of tax (not just the PRRT) but Australia’s overall taxation system through a combination of the corporate tax, royalties, and the petroleum resource rent tax (PRRT) is considerably lower than international peers. Australia receives only around 20-25%, through a combination of taxes compared to effective 78% in Norway and 60+% on profit in the UK.</p> <p>In 2023, Australia and Qatar exported LNG worth roughly equivalent amounts, yet the Qatari government received approximately five times as much tax and royalty income as Australia did.</p>

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