The Superpower Institute

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Iran crisis shows Australia is missing out on billions

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As the Iran crisis continues to drive energy costs up, The Superpower Institute is calling on the Federal government to adopt a Fair Share Levy (FSL) to ensure that gas companies pay their share of tax to boost Australia's prosperity and ensure cost-of-living relief to Australians.

The Fair Share Levy is a Norway-style tax on the cashflow of Australian gas producers, ensuring gas companies in Australia pay their fair share of tax for extracting the gas resources that belong to all Australians.

If Australia had a Fair Share Levy in place, government revenue would have increased by $1.1 billion dollars since the start of the Iran crisis. Over five years, 2019-2025, the Petroleum Resource Rent Tax (PRRT) has only raised $1.4 billion per year.

Rod Sims, Chair of The Superpower Institute said:

"In three weeks alone, if Australia had a Fair Share Levy in place it would have raised almost the same amount of revenue as the PRRT raises each year.

"While Australian households and businesses are being stung by extremely high fuel prices caused by the crisis, gas companies are reaping extraordinary profits from this same crisis.

"This is perverse.

"What we are proposing is not radical. It's fair. It would mean that Australians benefit – like Norwegians do – from the extraction of their assets.

"If designed properly, the revenue it raises can be returned to households to provide significant cost-of-living relief."

CEO of the Superpower Institute, Baethan Mullen said:

"Australia's gas belongs to all Australians. But right now, we're letting companies extract these resources while paying some of the lowest taxes on gas in the world.

"Norway taxes its oil and gas at around 78 per cent, while remaining an attractive destination for investment. They now have a $1.7 trillion sovereign wealth fund that benefits every Norwegian. Australia could do the same.

"It is an immense shame that the Australian people are missing out on these windfalls. This Iran crisis has demonstrated the need for Australian fuel sovereignty but also, for Australians to reap the benefits of their resources.

"At the peak price point during the Russia-Ukraine war (FY 2022-2023), the Fair Share Levy would have raised $26.7 billion. These numbers are incredibly significant for a federal budget under stress."

Notes to editors: Fair Share Levy

The Fair Share Levy (FSL) is a Norway-style tax on the cashflow of Australian gas producers, ensuring gas companies in Australia pay their fair share of tax for extracting the gas resources that belong to all Australians.

It is an economically neutral tax that does not affect future investment returns or export prices and has strong international precedent.

Currently Australian state and federal governments take approximately 30 per cent of fossil fuel companies' profits, through a combination of the corporate tax, royalties, and the Petroleum Resource Rent Tax (PRRT). But other major fossil fuel exporting countries take much more—typically between 75 and 90 per cent. The FSL would on average see Australia take just under 60% of the profits, so at the lower end of world standards.

Research commissioned by Redbridge Group on behalf of the Superpower Institute shows overwhelming support for a Fair Share Levy: 87 per cent of voters agree or strongly agree that Australians deserve a better return from the sale of our gas exports, with just 3 per cent disagreeing.

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For more information and to access the full report, visit:

www.superpowerinstitute.com.au/work/the-case-for-pricing-pollution

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About the Superpower Institute

The Superpower Institute's purpose is to help Australia seize the immense economic opportunities of the post-carbon world. With unparalleled renewable energy resources and our 'clever country' scientific and engineering capabilities, Australia is perfectly positioned to be a green export superpower in the world of net zero emissions.

The Institute specialises in the policy settings and market incentives needed to make Australia an economic superpower and provides practical knowledge to governments and industry to realise this opportunity.

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