CLIMATE ENERGY FINANCE

MEDIA RELEASE

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New Analysis: Queensland's Coal Royalty Windfall Exposes Federal Gas Tax Failure Ahead of May Budget

Queensland's progressive coal royalty scheme is delivering billions in additional public revenues – and the Federal Government should take note as it prepares its critical May Budget for 2026-27 in the midst of a war-driven energy price hyperinflation cost-of-living crisis, according to a new analysis by Climate Energy Finance (CEF).

CEF's analysis shows Queensland's reformed royalty structure – which applies tax rates in three tiers based on the coal price, topping out at 40% on prices exceeding $300/tonne – is expected to generate $5.4bn in 2025-26, with more than $1bn in additional windfall revenues likely over FY2025-26 under current prices elevated by the US/Israel war on Iran. This could be repeated over 2026-27 if elevated prices are maintained. The royalty scheme already delivered an all-time record $18.2bn to Queenslanders in FY22-23 alone.

Queensland's royalty windfall directly funds public benefits including schools, hospitals, cost-of-living relief and critical state infrastructure, ensuring a fair return to the people from multinationals' exploitation of the state's finite public assets.

Queensland has essentially modelled for the Federal Government the immense value of progressive resource taxation as it approaches the May 2026 Budget.

CEF argues the Federal Government should urgently apply the same logic to gas.

The ACTU has called on Treasurer Jim Chalmers to replace the flawed petroleum resources rent tax (PRRT) with a simple flat 25% export levy on exported LNG, with reform calls backed by shadow minister for industry Andrew Hastie and Commonwealth Bank CEO Matt Comyn amongst others.

The urgency for reform is compounded by surging LNG prices. Since the US war on Iran commenced in February 2026, benchmark prices have surged over 100% to almost US$20/MMBtu, meaning a very substantial uplift in public revenues were such a levy to be introduced. These funds could be deployed to provide relief to offset Australians' hip-pocket pain as cost of living and interest rates soar, and as the Federal budget takes another $2.5bn fossil fuel excise cut.

CEF net zero transformation analyst Matt Pollard said:

"The international experience of nations introducing windfall profit taxes in the context of global energy crises supports the case for reform. In May 2022, after Russia launched its invasion of Ukraine, the United Kingdom introduced the Energy Profits Levy, a windfall profits tax on the extraction of UK oil and gas, initially set at 25%, rising to 38%in November 2024. The Levy has generated a total of £8.9 billion (A$17 billion) in additional tax revenues for the people of the UK in its first three years.

But as the case of QLD coal royalties shows, Australia does not have to search halfway across the world to see how effective resource taxation can be implemented. In the Middle East, the Americas, Norway and in the UK, governments typically take well over half of fossil fuel profits. Across the PRRT, royalties and corporate taxes, the Australian public receives only 30% of notional or onshore declared fossil fuel profits, well below our counterparts.

The opportunity cost of failure to equitably tax commonwealth resources has a material impact on the public good, as billions in privatised windfall profits flow offshore to multinational shareholders, depriving Australian schools, hospitals, infrastructure and household budgets. With the May Budget looming, and pressures on Australian families dramatically ratcheting up to unsustainable levels, it is past time for Treasurer Jim Chalmers to act".

CEF director Tim Buckley, a former MD of global investment bank Citigroup, said:

"A sharing of windfall war profits would have zero impact on our export customers. Whilst the fossil fuel lobbyists claim sovereign risk, this is nothing other than noise. Global investors expect governments to act in their nation's sovereign interests.

Australians getting a fair share of the windfall war profits of the multinational gas cartel operating here in Australia using Australia's public assets is the right policy to implement. Actually, it is long overdue. One needs to look no further than Norway's US$2 trillion sovereign wealth fund for evidence of the fiscal and social benefits of responsible fossil fuel taxation. It is high time Australians got their return."

NOTES TO EDITORS

Tables detailing the above coal royalty analysis are available.

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