

Questions taken on notice by Shell:

1. Also, to the reps from Shell while I've got you there: your April 2021 financial report said that Shell had accumulated \$51.7 billion in PRRT uplift credits. How much do you currently hold in uplift credits?

As per Shell's 2022 accounts and 2023 Annual Report, the most recent credit balance was USD 46.22 billion.

2. Has Shell modelled what PRRT it would pay under the changes in this bill and, if so, how much does Shell expect to pay if this legislation is passed? Could you also, on notice, respond to that same question on the basis of a low, medium, and high oil price scenario?

Under the proposed Bill, Shell begins to pay PRRT in relation to the year commencing 1 July 2024 and expects to pay approximately AUD 590 million (High scenario), AUD 470 million (Medium scenario), AUD 300 million (Low scenario), in relation to the first 4 income years.

This is in addition to the several billion Shell expects to pay annually in corporate income tax, royalties, excise, duties and other taxes to federal and state governments.

Please also note that in addition to commodity prices, PRRT is highly sensitive to a range of other economic inputs such as exchange rates and actual rates of production.

3. Just to be clear: I'm asking about the netback-only option and the modified RPM option, and whether those two options together were provided prior to the deductions cap option. If those first two were provided separately and prior to the deductions cap option, could you please take on notice when and how all three of those options were provided to you?

All dispositions were provided in writing to Shell by Treasury. We refer the Senator to the testimony of Treasury officials and documents provided in response to the Order to Produce documents from the Senate.

Shell's role in consultation is to inform Treasury of the impacts of dispositions. It is a matter for Government to determine which dispositions should be implemented or otherwise.

Supplementary Questions from Senator McKim:

1. Can Shell please provide a copy of the agenda for the 10 March 2023 meeting.

We refer the Senator to Treasury on any documents related to consultation processes. The Senate's Order to Produce documents related to the PRRT consultation also provided documents from Treasury related to meetings.

2. In Treasury minutes of the 10 March meeting, it says industry claimed that a netback only approach would not provide an appropriate return to capital for the downstream part of the business. Given that the PRRT is a super profits tax, do your financiers require you to make super profits?

The PRRT is a resources rent tax as the nomenclature would indicate. Under the legislation, PRRT only becomes payable once a project has recouped its investment outlay.

3. The consultation materials show that Treasury were going to lift the rate to allow a return on capital of 7% plus the long-term bond rate. Is this not a sufficient rate of return for your financiers and investors? What else do they require?

We are not aware of Shell's Investors directly commenting on the uplifts in the PRRT. The voting results and relevant documents from Shell's most recent AGM are available at the following link: <https://www.shell.com/investors/shareholder-meetings.html>

4. According to table 8.1 of the PRRT report to the Treasurer, the deductions cap raises more revenue under a central and low-price scenario. Why does Shell prefer this model over a netback only or modified residual pricing model?

While we would prefer stability to policy settings under which we made critical investment decisions we recognise the reality that the government needed to respond to the recommendations of the Callaghan Review.

The proposed changes in the Bill provide regulatory certainty, by closing out the Callaghan Review process, which is critical to making investment decisions to ensure continual gas supply in Australia to support the energy transition.

Shell has engaged constructively in Treasury's consultation to seek the certainty it requires for future investment. Shell's role in consultation is to inform Treasury of the impacts of dispositions. It is a matter for Government to determine which dispositions should be implemented or otherwise.