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**Attention: Select Committee on the Taxation of Gas Resources**

PO Box 6100  
Parliament House  
Canberra ACT 2600

ConocoPhillips Australia welcomes the opportunity to present a clear and accurate account of its taxation arrangements to the Senate Select Committee. This submission directly addresses those arrangements and corrects misunderstandings that may result from the selective or incomplete use of data. ConocoPhillips Australia strongly supports tax transparency measures that enable a comprehensive, rigorous assessment of companies' total tax and fiscal contributions across the full lifecycle of their operations.

ConocoPhillips Australia considers that any additional or duplicative revenue or taxation measures that extend beyond the existing State-based volumetric royalty regimes and established Commonwealth tax arrangements would compete for the same underlying economic base. Any new measures would be drawn from the finite revenues generated by these projects after accounting for substantial capital investment, regulatory compliance costs, operating expenses and commercial risk. As a result, such measures would discourage investment in new gas supply in Australia, undermine the policy objectives of the ongoing Gas Market Review and, in practice, be unlikely to generate additional net Commonwealth revenue.

**ConocoPhillips Australia's fiscal and tax contributions**

ConocoPhillips Australia is proud to be a major investor in the Queensland LNG and domestic gas sector. Our long-standing commitment, underpinned by more than \$AU20 billions of capital investment, has been critical to the development of gas resources across Australia.

We are currently the largest shareholder in Australia Pacific LNG (APLNG), holding a 47.5 percent interest in the incorporated joint venture. With our shareholder support, APLNG invests more than AU\$3 billion annually to develop gas resources, enabling it to remain a significant and long-standing "positive supplier" to Australia's domestic gas market. To date Australia Pacific LNG has invested \$AU60 billion supporting over 2,000 direct jobs to supply 2,400 petajoules of natural gas to Australia that's supporting another 4,000 manufacturing jobs as well as providing firming for renewable energy.

ConocoPhillips Australia pays significant tax in Australia predominantly through its 47.5 percent ownership interest in APLNG, which is taxed in its own right, and pays Federal company income tax and Queensland State-based royalties. In addition, ConocoPhillips Australia directly pays payroll tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

With ConocoPhillips Australia's shareholder support, in FY 2025, APLNG paid AU\$1,189 million in Federal income tax and AU\$728 million in Queensland government royalties, contributing more than 40 percent of Queensland's petroleum royalties in 2024-25. For context, the taxes and royalties paid by APLNG last financial year equate to an effective tax rate of 44 per cent on total profits generated across the business.

Both Australia's corporate income tax system and Queensland's petroleum royalty regime already deliver higher government revenues increase when international prices rise, where those price increases translate into higher values or profitability.

### **Energy security must be prioritised by building a framework that facilitates investment in new supply**

The success of APLNG as a key supplier to both Australian and international customers, demonstrates that Australia's energy resilience is closely linked to its role as a reliable supplier of gas and LNG to the region.

The Federal Government has previously received feedback highlighting the critical importance of maintaining stable, pro-investment policy settings that support continued investment in new gas supply, regional employment and Australia's fiscal position. Against that backdrop, the introduction of an across-the-board export tax of this nature — particularly while significant reform measures (including domestic gas reservation and export permitting measures) are being contemplated as part of the ongoing Gas Market Review — would further erode regulatory certainty, deter investment and amplify perceptions of sovereign risk.

In addition, such a measure would disproportionately impact resource-intensive jurisdictions such as Queensland, which are responsible for the majority of east coast gas supply.

### **Cost pressures and capital risk already weigh heavily on the industry**

Domestic and global environmental and geopolitical disruptions to energy supply, including extreme weather events, conflict and threats to critical energy corridors, have, at times, contributed to increased price volatility and periods of elevated market prices. However, it is not correct to assume that such conditions automatically translate to windfall profits for Australian energy producers. The same market impacts that disrupt global supply chains and cause price volatility, can also materially cause increases to input and operating costs across the sector, including for energy, labour, shipping, insurance, maintenance activities, services and consumables, compliance, and security. These cost impacts and constraints can have significant adverse impacts on energy producers that often lag and counter headline price spikes. That is, higher prices observed during periods of significant instability and disruption do not necessarily represent a simple or enduring uplift in returns to energy producers, nor do they reflect a stable or reliable tax base upon which to justify structural tax reform.

Australia's energy sector is capital-intensive, long-cycle and highly exposed to global cost inflation and risk premiums, particularly during periods of heightened geopolitical stress. Overlaying additional fiscal burdens at such times risks discouraging the investment required to slow the decline of existing production. This would ultimately undermine domestic supply resilience and energy security.

Care should be taken to avoid conflating short-term price dislocations driven by environmental or geopolitical shocks with sustained economic rents. Policy settings should remain appropriately linked to long-term fundamentals and international competitiveness, recognising that stability, producibility, and investment certainty are essential to ensuring reliable domestic gas supply during commodity price cycles and to maintaining ongoing contributions to both Federal and State Government revenues over time.

### **The complexity and limitations of the Australian Tax Office's (ATO) corporate tax transparency report are not well understood, or explained, and this can lead to inaccurate assumptions regarding the taxation arrangements of oil and gas companies operating in Australia.**

ConocoPhillips Australia supports transparency of corporate tax arrangements but notes that the ATO's corporate tax transparency report has limitations in its disclosures. It reports only company income tax paid over a defined period, and does not capture State and Territory royalties, payroll tax, GST, FBT, other industry specific levies, or taxes paid through incorporated joint ventures. Nor does the report explain the impact of legitimate and well understood tax features such as depreciation of long-life assets or the carry-forward of losses arising from substantial upfront capital investment. Given its narrow scope, the ATO report also does not assess the broader economic contribution of gas projects across the value chain, including impacts on regional development and infrastructure, supply chains, local procurement, regional jobs, and domestic gas supply security.

The ATO report reflects nil company income tax paid directly by ConocoPhillips Australia, but it does not capture income tax paid through our incorporated joint venture. As ConocoPhillips Australia holds a 47.5 percent interest in APLNG, shareholder distributions are received only after APLNG has paid tax in its own right. Through this investment, ConocoPhillips Australia effectively contributed close to half of the AU\$1,189

million in Federal company income tax and AU\$728 million in Queensland Government royalties paid by APLNG in FY 2025. APLNG is classified by the ATO as a Top 100 public and multinational taxpayer.

To this end we would welcome the Senate Committee's consideration of ways to enhance the ATO's corporate tax transparency report and the guiding communication to support its use so that a more complete assessment of tax arrangements is achieved. Given the importance of this report to ensure transparency, limitations of the information provided can lead to incomplete assessments of company taxation arrangements and undermine its robustness as a transparency instrument.

In addition, APLNG has required around AU\$60 billion of capital investment to establish and run its operations and now supplies the largest share of natural gas to Australia's domestic gas market among the east coast LNG producers. Like other capital-intensive, long-life energy projects, the substantial upfront investment resulted in lawful tax deductions and loss carry-forwards in the early years of operation. This outcome reflects the intentional design of Australia's tax system, which recognises the risk and scale of major investments and is intended to encourage long-term productivity-enhancing capital investment.

Thank you for the opportunity to provide a submission to the Select Committee on the Taxation of Gas Resources. We support the Australian Energy Producers' submission to this inquiry.

Yours faithfully

**Jan-Arne Johansen**  
ABU President  
ConocoPhillips Australia