

To the Senate Committee:

From Dr V.P. St John (member of Petroleum Exploration Society of Australia,
Australian Society of Exploration Geophysicists, Geological Society of Australia)

1. I have been involved in petroleum exploration, from technical roles through to management and ownership, for over 50 years.
2. My involvement has been both international and in Australia, and I have observed the various ways in which different countries have managed the relationship between private petroleum exploration, development and production and sovereign ownership of petroleum reserves.
3. Following the introduction of the Petroleum Resource Rental Tax regime in Australia I was involved in assessing the economics of potential offshore projects in Australia. With the uplift factors on expenditure and the long lead times to production I was amazed (at the time, delighted) that many highly profitable projects would pay little or no tax. This situation has continued to be the case.
4. The lack of any direct return to a country from a sovereign resource is unacceptable.
5. It is apparent that, if the Petroleum Resource Rental Tax regime is to be continued, the uplift factors should be greatly reduced, particularly with very long lead times for projects.
6. As a final note; countries which have adopted a Production Sharing regime have retained far more sovereign wealth from their petroleum resources than has Australia. Norway is a prime example, with a huge sovereign wealth fund. I would recommend that Australia move to this regime for all future projects.

With best regards
Paul St John