

Woodside Energy Ltd.

ACN 005 482 986

Mia Yellagonga
11 Mount Street
Perth WA 6000
Australia

T +61 8 9348 4000

F +61 8 9214 2777

www.woodside.com.au

1st November 2019

Committee Secretariat
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir or Madam

AUSTRALIA'S OIL AND GAS RESERVES

Woodside Energy Ltd ('Woodside') notes the establishment of an Inquiry by the Senate Economics References Committee ('the Committee') into Australia's Oil and Gas Reserves. Woodside also notes the submission made by the Australian Petroleum Production and Exploration Association ('APPEA'), which as a member of APPEA we have supported and endorse. Please consider this submission by Woodside as being supplementary to APPEA's.

Woodside's producing assets include the landmark North West Shelf (NWS) Project, Pluto, Greater Enfield and an interest in Wheatstone. As Australia's premier independent Liquefied Natural Gas (LNG) company, Woodside operated 6% of global LNG supply in 2018. Woodside has been recognised as a pioneer of the LNG industry in Australia and for its world-class capabilities as an integrated upstream supplier of energy.

Targeted Final Investment Decisions (FIDs) for the next wave of Woodside operated natural gas projects are approaching. It is proposed that gas from the Browse fields will extend the life of the NWS for 25 years or more. The existing Pluto LNG facility will be expanded to accommodate gas from the Scarborough field. These projects will unlock another generation of Australian gas resources for domestic and export markets. The liquefaction activities of these projects mean natural resources will be benefited in Australia. There will also be a strong focus on utilising existing infrastructure.

However, other projects outside of Australia are also progressing their developments which will compete against Australia for market share. Most recently, Mozambique LNG, Calcasieu Pass in the United States of America and Arctic LNG-2 in Russia have all announced FID.

We estimate that the next wave of Woodside operated natural gas projects will result in investments of more than US\$30 billion and generate nearly 5000 direct construction jobs in Western Australia. The benefits to the wider Australian economy will run into many multiples of the original investment. Given such scale and the longevity of these projects, Woodside takes a keen interest in any review pertaining to Australia's oil and gas industry and the contributions it makes to the wider community.

Woodside makes very material tax payments as a consequence of its business developing Australia's oil and gas reserves. I attach a copy of Woodside's most recent Tax Transparency information flyer, published in December 2018, which relates to the 2016-17 fiscal year. In respect of this year, Woodside paid A\$508 million in corporate income tax and a further A\$243 million in resource taxes. The next edition of this flyer is expected to be published in December 2019 and will relate to the 2017-18 fiscal year.

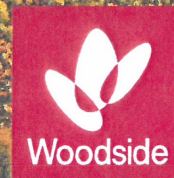
I would like to draw the attention of the Committee to erroneous media reporting that accompanied the December 2018 taxpayer data release by the Australian Taxation Office (ATO). That media reporting incorrectly claimed that Woodside had not paid any tax at all. This error arose because the Woodside group of companies includes a number of subsidiaries whose tax payments need to be aggregated to understand the full position. I note that when the ATO publishes its tax data it does so in alphabetical order without drawing links between companies that are differently named but have linked ownership. The assistance of

the Committee in drawing the correct position to the attention of parliamentarians and the broader public would be of benefit and appreciated.

Yours faithfully

Michael Abbott
Senior Vice President Corporate and Legal

Attached: Tax Transparency Information Sheet



TAX TRANSPARENCY INFORMATION FOR THE 2016-17 INCOME YEAR

About this Information Sheet

- + The purpose of this document is to provide additional context to the Australian Taxation Office's (ATO) [2016-17 Report of Entity Tax Information](#) as pertaining to Woodside.
- + In this document, unless otherwise stated, references to 'Woodside' and 'we' refer to Woodside Petroleum Ltd (ABN 55 004 898 962) and its controlled entities, as a whole, and references to the 2016-17 year are to Woodside's year ended 31 December 2016 for income tax and the year ended 30 June 2017 for resource taxes. All amounts are denoted in Australian dollars, the currency in which Australian taxes are paid. Woodside's published consolidated financial statements are presented in US dollars, the company's reporting currency.
- + It is recommended to be read in conjunction with the [ATO's published guidance material](#).

Introduction

- + Woodside is Australia's largest independent oil and gas company with a global portfolio, recognised for our world-class capabilities – as an explorer, a developer, a producer and a supplier of energy.
- + Woodside recognises the importance of stability, fairness and competitiveness in Australia's tax and fiscal regime. We understand that our social licence to operate relies on establishing and maintaining meaningful and sustainable relationships with all our stakeholders and the communities in which we operate.
- + Paying the taxes due under the law is one of the ways we support our social licence to operate.
- + **Woodside has paid \$750 MILLION in Australian tax and royalties in respect of the 2016-17 income year. Over the past four income years, 2013-14 to 2016-17, Woodside has paid \$4 BILLION in tax and royalties.**
- + Woodside has an established governance framework and our Board-approved Tax Policy is clear – we will comply with all tax laws and regulations applicable to our business. We do not support the use of artificial arrangements and we apply arm's length principles to our international related party dealings.
- + Woodside is committed to maintaining open and constructive relationships with our tax policy setters and administrators, both domestic and foreign. We take a proactive approach in clarifying interpretations and practices. As an Australian headquartered company, Woodside is proud to voluntarily operate under an Annual Compliance Arrangement with the ATO, a framework which provides for real-time interaction and co-operation on tax matters.
- + Woodside commends tax transparency initiatives that increase the public's confidence in the contributions of all corporate taxpayers. In Australia, Woodside voluntarily participates in the Board of Taxation's Tax Transparency Code.
- + Want to know more? Visit our [website](#), read our Tax Policy or Sustainable Development Report.

Income Tax

Table 1 outlines Woodside's income tax information for the 2016-17 year. In addition, the income tax payable by Woodside for the four years including the 2016-17 year is disclosed.

COMPANY NAME (& ABN)	TOTAL INCOME FY 2016-17	TAXABLE INCOME FY 2016-17	INCOME TAX PAYABLE FY 2016-17	INCOME TAX PAYABLE FY 2013-14 TO FY 2016-17
Woodside Petroleum Ltd (ABN 55 004 898 962)	\$ 6,595,185,778	\$ 944,614,958	-	\$ 1,211,141,717
Burrup Facilities Company Pty Ltd (ABN 28 122 234 539)	\$ 1,618,990,719	\$ 979,781,078	\$ 293,934,323	\$ 759,793,592
Burrup Train 1 Pty Ltd (ABN 77 122 234 306)	\$ 2,726,547,888	\$ 715,910,447	\$ 214,773,134	\$ 514,331,838
Total	\$ 10,940,724,385	\$ 2,640,306,483	\$ 508,707,458	\$ 2,485,267,148

Table 1 - Income tax summary

- + Woodside Petroleum Ltd is the head company (and taxpayer) of the Woodside Petroleum Ltd Australian tax consolidated group, which includes all of Woodside's wholly-owned Australian entities. Woodside holds a 90% interest in the other Australian entities included in Table 1. The published figures relate to a 100% interest.¹
- + Woodside derives the majority of its total income from the sale of petroleum products produced in Australia. Taxable income (profit) is total income less the costs allowed in earning that total income – such as employee wages, suppliers' bills and sales costs. Income tax payable is determined by multiplying taxable income by the applicable tax rate. Certain rebates, tax offsets and credits are allowed against income tax payable (including franking and R&D tax offsets).
- + Woodside has had approximately \$2.5 billion of income tax payable in the four years including the 2016-17 year. However, the decline in oil prices has caused a reduction in sales receipts in recent years, impacting Woodside Petroleum Ltd's taxable income and income tax payable in the 2016-17 year.
- + The amount of taxable income and income tax payable for a year is also impacted by the fully franked dividends Woodside Petroleum Ltd receives from its controlled entities. Franking credits reflect the taxes already paid by these controlled entities and are allowed to ensure there is no double tax within the group.
- + Woodside's effective income tax rate for the four years including the 2016-17 year is, on average, near to the headline corporate tax rate of 30%.²

Resource Taxes

Table 2 outlines the amount of petroleum resource rent tax (PRRT), royalties and excise payable by Woodside for the 2016-17 year. Also disclosed are the amounts payable by Woodside for the four years including the 2016-17 year.

RESOURCE TAX ³	AMOUNT PAYABLE FY 2016-17	AMOUNT PAYABLE FY 2013-14 TO FY 2016-17
PRRT	-	\$ 146,119,058
Federal Royalties	\$ 169,762,076	\$ 936,733,581
Federal Excise	\$ 73,673,936	\$ 417,272,421
Total	\$ 243,436,012	\$ 1,500,125,060

Table 2 - Resource taxes summary

- + The PRRT is a profits-based resource tax used to tax oil and gas projects in Australia. The PRRT only taxes profits of a petroleum project above a specified rate of return. Refer to the Australian Petroleum Production & Exploration Association's (APPEA) [guidance material](#) for additional information relating to PRRT.
- + Woodside had approximately \$146 million of PRRT payable in the four years including the 2016-17 year.
- + Woodside's PRRT profile is dependent on various factors, including the impact of lower commodity prices on revenues, the life cycle of those PRRT projects, the amount of capital investment, ongoing operational costs and exploration activity.
- + Woodside has been subject to the Federal royalties and excise regimes since the North West Shelf (NWS) project commenced. This has not changed since the extension of PRRT to the NWS project from 1 July 2012. The existing royalties and excise regimes continue to operate alongside PRRT.

¹ Woodside's published consolidated financial statements list Woodside's subsidiaries, including members of the Woodside Petroleum Ltd Australian tax consolidated group - refer note E.9(a) in Woodside's Annual Report for the 2016-17 year.

² The effective income tax rate for the four years including the 2016-17 year is disclosed in Woodside's published consolidated financial statements, and is calculated as follows:
Effective income tax rate = Income tax expense / (Accounting profit - PRRT expense)

³ Woodside Energy Ltd (ABN 63 005 482 986) is the applicable taxpayer in Table 2.



T: +61 8 9348 4000 F: +61 8 9214 2777
E: companyinfo@woodside.com.au

woodside.com.au

