

Dear Economics Committee

I took on notice one question in which Senator Patrick asked about how Australia compares internationally in respect of how the public benefits from the extraction of petroleum and gas resources beyond obvious comparisons of Australia with Qatar and Norway.

Answer: It was reported in 2016 that the governments of Nigeria, Indonesia and Malaysia, Australia's competitors in the oil and gas industry, extracted twice as much revenue from petroleum companies as a proportion of production than the Australian federal and state governments combined (see article by Heath Aston, *Sydney Morning Herald*, 21 November 2016). A comparison between two middle powers with large mining sectors, Canada and Australia, is also instructive. Over the period from 2008/9 to 2017/18 cumulative government revenue from the oil and gas industry totalled A\$69.2 billion or an annual average of A\$295 per person. For Canada, over the period from 2009 to 2018 Canadian revenue was C\$173.3 billion or an annual average of C\$492 per person (Source Lennie Kaplan and Mark Milke, *Tale of Two Countries: Oil and Gas in Australia and Canada Over the Past Decade*, Canadian Energy Center, 24 January 2021). Over and above international comparisons in respect of the proceeds from taxes and royalties is the issue of the foreign ownership of the companies involved in the oil and gas industry worldwide. The higher the degree of foreign ownership in the industry the greater will be the proportion of profits remitted overseas in any country. Historically, a point of comparison is that Australian governments of both persuasions at the federal level had policies that promoted a higher degree of Australian ownership in the resource industries than governments from the mid-1980s onwards. The degree of Norway's public ownership and involvement in the petroleum industry compared to Australia's has given it a marked advantage over Australia in investing some of the the proceeds from its petroleum industry in a sovereign wealth fund for the benefit of all Norwegian citizens.

Associate Professor David Lee
UNSW Canberra