



Senate Inquiry into Treasury Laws Amendment (Tax Accountability and Fairness)

Bill 2023 [provisions]

Opening Statement for Hearing, 9 April 2024, from Chevron Australia

Chevron Australia would like to thank the Committee for the opportunity to participate in today's hearing.

We are dialling in from Whadjuk country and we pay our respects to the Whadjuk people of the Noongar nation and their elders past, present and emerging.

Chevron operates two of the largest resources projects in the country, the Gorgon and Wheatstone natural gas projects in Western Australia. These developments provide critical energy supply to international customers across the Asia Pacific region – many of whom are Australia's closest trading and security partners – and they supply approximately 45 percent of Western Australia's domestic gas market.

With these projects, Chevron Australia has become one of the country's largest taxpayers. In the past two years alone, our income tax bill is more than A\$7.5 billion.

These amounts do not include any payment for PRRT, as we have not been liable for this additional tax to date.

Under the existing regime, we become liable to pay PRRT once we recover our share of the initial \$80 billion investment in Gorgon and Wheatstone. We have always said we would pay PRRT, and this remains our expectation.

Chevron Australia agrees with the findings of the 2017 Callaghan Review, which highlighted that PRRT remains the preferred method for achieving “a fair return to the community for the extraction of petroleum resources without discouraging investment.”

With this in mind it's important to note that we're continuing to invest in the development of new resources to maintain gas supply at our facilities which will support current and future energy needs in Australia and the Asia Pacific region. A stable fiscal regime is critical for us to make these ongoing long-term investments.

With regards to the Bill being discussed today, our position is that we do not believe changes to PRRT are necessary because the prevailing settings are working as intended.

However, we acknowledge the Government has taken the view that change is needed. Our view on the proposed changes, as outlined in the Bill, is that they are proportionate and will not curtail future investment.

This is because they will ensure:

- Every project covered by this legislation pays PRRT, which is not the case under the existing settings;
- The Government gets a return on the nation's natural resources while carrying no project risk; and,
- PRRT will bring extra tax revenue into the forward estimates of the Federal Budget. For Chevron we will become liable for PRRT from 1 July 2024.

To conclude, Chevron Australia recommends the Bill is passed by the Senate in its current form. This will provide us with the certainty that's needed to enable ongoing investment in projects to ensure energy security, both for the country and the region.

We are happy to answer your questions. Thank you.