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The Petroleum Resource Rent Tax: overview of primary documents and literature leading to the 1987 legislation

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Abstract

Newly available archival documents give insight into the Hawke Government (1983-1991) political and consultative processes, which resulted in the Australia's *Petroleum Resource Rent Tax Assessment Act 1987 (Cth)*. The recently unpacked private papers from 1984 of Dr Craig Emerson (a Ministerial economic advisor at the time of petroleum tax reform) provide a unique perspective into the consultative process via hand-written files, draft reports with annotations, and personal observations. Further, relevant files from the National Archives of Australia reveal the government's petroleum tax reform discussion papers, media statements, industry responses to the tax, comparative tax modelling and the records of consultative meetings from 1984. This paper draws on these new files to provide a brief narrative and identify the dominant stakeholders in the route to petroleum tax reform for a later more detailed enquiry by the author into the roles of key persons in the progression of resource policy to legislation. This paper is the result of preliminary research into government archival files, which have just been released, at the request of the author. Thus the archival files, as well as the Emerson files, have been accessed for the first time.

Keywords: Taxation, resource rent tax, tax reform, Petroleum Resource Rent Tax, energy policy

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**The Petroleum Resource Rent Tax:
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1. Introduction

Australia's first legislation for a resource rent tax took effect in 1988 and applied to petroleum production from future offshore oil fields in Commonwealth waters, other than fields in Victoria's Bass Strait, and the North West Shelf off the West Australian coast.¹ Although the Hawke Labor Government held a majority in the House of Representatives from 1983 to 1987, it lacked a majority in the Senate which meant a reliance on the Australian Democrats party to pass the legislation. The period from the Hawke Government's election in March 1983 through to the detailed resource tax policy announcement in June 1984,² is referred to by this author as the preparatory phase. This time-frame is marked by two Ministerial Statements which outlined the Government's intention for a petroleum resource rent tax.³

This paper provides an overview of the primary documents concerning the political and consultative process later resulted in the *Petroleum Resource Rent Tax Assessment Act 1987* (Cth). The petroleum resource rent tax (PRRT) is a tax at the rate of 40 per cent from the sale of petroleum commodities, such as crude oil, less cash outlays on exploration, capital and certain general expenses. When compared to a royalty levied on production value, a resource rent tax on profits is claimed as a more efficient, equitable and stable way of capturing economic rent associated with petroleum. The PRRT legislation applies to exploration permits awarded on or after 1 July 1984 and recognises associated expenditures on or after 1 July 1979.⁴

The author was fortunate in being given access to Dr Craig Emerson's private papers which provide a rich lode of materials for this paper, covering the political

¹ For the Explanatory Memorandum for the *PRRT Bill 1987* see, http://www.austlii.edu.au/au/legis/cth/bill_em/prrtb1987338/memo_0.html.

² Commonwealth Government (1984b).

³ Commonwealth Government (1984a; 1984b).

⁴ Relevant government files on petroleum tax reform can be found at the National Archives of Australia, Canberra: Commonwealth Record Series A1690/62, A1690/63 and A1690/64.

machinations between key Labor government figures, federal bureaucrats and petroleum industry leaders from late 1983 through to the middle of 1984.⁵

The petroleum resource rent tax legislation was the culmination of a resource policy of the Australian Labor Party (ALP) that, from 1977, had been included in its platform (eg. ALP 1980). From 1983 the leading ALP figures who can be credited with facilitating the petroleum resource rent tax include Bob Hawke (as Prime Minister), Peter Walsh (as Resources and Energy Minister) and Paul Keating (as Federal Treasurer). Surprisingly, the memoirs by these figures, and biographies thereof, have little or no detail on this important initiative on tax reform for minerals (eg. Carew 1988; D'Alpuget 2010; Day 2015; Edwards 1996; Evans 2014; Gordon 1993; Hawke 1994; O' Brien 2015; Walsh 1995; Watson 2002).

Australia's first and foremost paper on resource rent taxation was co-authored by Anthony Clunies Ross and Ross Garnaut (1975). Over the period 1983-85 Garnaut was the senior economic advisor to Bob Hawke. Craig Emerson provided considerable analytical support (as Assistant Private Secretary) to Minister Walsh in the Department of Resources and Energy in 1984. Emerson had built up academic expertise in economic rent tax theory (eg. Emerson 1978, 1983, 1984; Emerson and Garnaut 1984; Emerson and Lloyd 1983), and was recommended by Garnaut for recruitment as an economic advisor. Emerson was later to become a Minister in the Rudd and Gillard Governments (2007-13).

The Hawke Government, in its quest to implement a resource tax policy, had to face determined opposition to the concept of a rent tax from the Australian Petroleum Exploration Association (APEA) and the two largest petroleum companies in Australia: Esso and BHP. In March 1984 a publication disseminated by Esso, 'The Case Against a Resource Rent Tax' (1984) contained much rhetoric and unsubstantiated claims about the theoretical deficiencies of the proposed tax and foreshadowed not only practical implementation problems, but also significant reductions in Australian oil exploration. The Esso criticisms gained momentum through petroleum industry newspaper advertisements (APEA 1984) that railed against a resource rent tax. The tactic of industry-funded newspaper advertisements has a familiar ring. The more recent 2010 equivalent of a newspaper campaign against a rent tax, but this time with an expensive television advertising component,

⁵ The author has been working with Emerson on some contemporary resource rent tax issues, see Emerson, C. and Kraal D. (2016 forthcoming).

was that by the Minerals Council of Australia. This industry association campaigned in concert with BHP Billiton, Rio Tinto and Xstrata against the proposed Resource Super Profits Tax (RSPT) (Kraal 2012: pp.79-80; Minerals Council of Australia 2012; Kraal and Yapa 2012; Kraal and Nash 2010). The RSPT morphed into the Minerals Resource Rent Tax (MRRT) and took effect in 2012 under a Labor Government, but was subsequently repealed by the succeeding conservative, Liberal-National coalition Government.⁶ Garnaut (2012: p.6) has long maintained his argument that the failure to support the MRRT legislation has left considerable taxation power, and revenue from hard-rock mineral resources, to the States via royalties — a mechanism that does not adjust for interstate equity and redistribution.

In order to help contextualise the PRRT, it is necessary to consider issues about the respective rights over minerals of the Commonwealth and the States, which is covered in the following sections.

Royalty revenues from petroleum

Cullen, and later Eccleston and Woolley, have explained how common law jurisdictions have historically granted sub-national governments the constitutional right to apply levies to land and resources, of which royalties are an example.⁷ At the time of federation, the Australian Constitution, section 114, had the purpose of addressing the distribution of taxing rights between the Commonwealth and States. By 1967 a settlement between the Commonwealth and the States provided, *inter alia*, for a national and uniform offshore mining regime and revenue sharing of royalties. The Commonwealth's jurisdiction for mineral royalties was the whole of the offshore area and the States was onshore and coastal areas.⁸

The advent of the first oil shock in 1973 caused a rise in oil prices. Thus the success of oil production in Victoria's Bass Strait gave impetus to a dispute on the division of royalty revenues between Commonwealth and States.⁹ The dispute led to an important case in 1975, *N.S.W. v. The Commonwealth (the Seas and Submerged Lands case)*, with the finding in the Commonwealth's favour, 'that it enjoyed

⁶ *Minerals Resource Rent Tax Repeal and Other Measures Act 2014 (Cth)*, <https://www.comlaw.gov.au/Details/C2014A00096>.

⁷ Cullen (1990); Eccleston and Woolley (2014), p 217.

⁸ Related Commonwealth legislation included the *Petroleum (Submerged Lands) Royalty Act 1967 (Cth)*. See Cullen (1988), pp 217-218.

⁹ See Cullen (1988), pp 219-220.

sovereignty seaward from the low water line.¹⁰ Later on, in what is referred to as the '1979 settlement' it was agreed the Commonwealth's jurisdiction for petroleum (oil and gas) resources was seaward of the three nautical mile boundary. For coastal water projects that lie within the low-tide mark and the three nautical mile boundary, the taxing rights are held by both a State and the Commonwealth.¹¹ Finally, only the States have jurisdiction for onshore minerals, where revenue is raised through royalties. In a unique arrangement under the *Petroleum Revenue Act 1985 (Cth)*, Federal royalties and levies may be waived if, in agreement with the licensee, a State imposes a resource rent royalty shared with the Commonwealth; for example, petroleum production from Barrow Island, Western Australia.

Crude oil excise, 1975

In 1975 the Whitlam Labor Government (1972-1975) introduced an excise (also called the 'crude oil levy') at the rate of \$2 per barrel of crude oil. The levy was in response to world-wide increases in oil prices. The Federal crude oil levy was payable by petroleum producers and added to the government *fixed price* for Australian crude oil. A royalty was also paid by producers, based on the wellhead value of the product. From September 1975 the Whitlam Government introduced a two-tier system. For producers with 'new oil' discoveries (post-14 September 1975) production was subject to prices set at import parity, less the crude oil levy payable to the Federal Government. However for pre-14 September 1975 discoveries (referred to as 'old oil') producers paid no levy, but received the (lower) price set by the Government.¹²

Graph 1 depicts the sharp increases in prices per barrel of crude oil, from the time of the 1973 Arab-Israeli War, and shows that the 1975 crude oil levy was well-timed. However, the levy lacked tax neutrality,¹³ for it was seen as dampening the 'appetite' for the risk required in exploration to find new oil fields. The levy was also seen as a disincentive to developing marginal oil fields because it is levied at the

¹⁰ (1975) C.L.R. 337. For a summary of the case, see Cullen (1988), p 220-223.

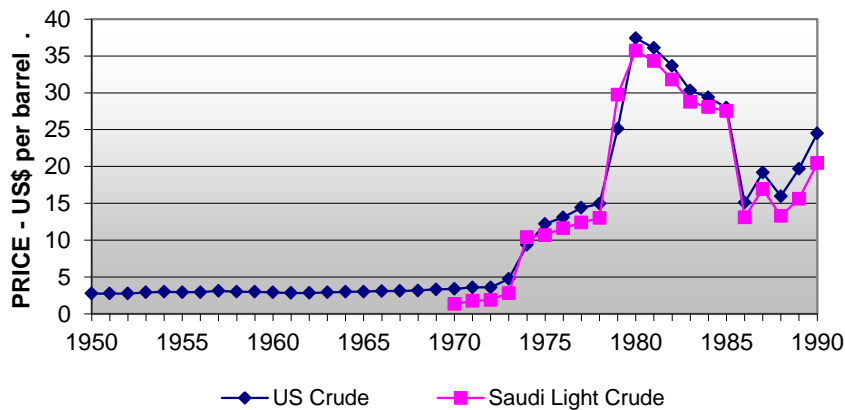
¹¹ The 1979 settlement was published by the Commonwealth Attorney General's Department, see Cullen (1988), p 226-227.

¹² *Excise Tariff Act 1921 (Cth) as amended*, <https://www.comlaw.gov.au/Details/C2013C00626>. See also Industries Assistance Commission (1976), p 8.

¹³ A tax lacks 'neutrality', when its design is seen to affect business decisions.

production level – before taking into account the fixed costs of production – to determine net profit.¹⁴

Graph 1. US and Saudi Crude Oil Price: 1950 - 1990



Source: 'History and Analysis of Crude Oil Prices', WTRG Economics.

<http://www.wtrg.com/prices.htm>

Extension of import parity pricing for crude oil, 1976

In 1976 the Fraser Coalition Government (1975-1982) commissioned the Industry Assistance Commission (IAC) to inquire into prices for pre-1975 'old oil' and post-1975 'new oil'. At the time, Australia's major oil fields were in the Gippsland Basin, Bass Strait, Victoria. These off-shore oil fields are under Commonwealth jurisdiction. The IAC recommended that the prices paid to producers for Gippsland 'old oil', including future production from the not-yet-developed Mackerel and Tuna oilfields, were to be progressively increased between 1976 and 1980 towards the import parity price, less a \$2 per barrel levy to the Government. For producers from the lesser oil fields of Barrow Island crude (off coastal Western Australia), Moonie crude (from the Surat Basin in Queensland), and fields not yet in production, the IAC recommended immediate pricing at import parity from January 1977, less the crude oil levy.¹⁵ The Fraser Government adopted the IAC recommendations in its August 1978 Budget.¹⁶ By the financial year 1980-81, further rises in the levy and oil prices

¹⁴ Garnaut and Clunies Ross (1979).

¹⁵ Industries Assistance Commission (1976), p 25.

¹⁶ Victorian Chamber of Manufactures (1978).

had taken place, resulting in a tax take from the crude oil levy equalling 71 per cent of the 'total price paid by refiners to producers for Australian crude oil.'¹⁷

2. Early literature on resource rent taxation

Adam Smith (1776- 1812) and David Ricardo (1819) are the best known, pre-20th century advocates of taxing economic rent from the produce of land and mineral resources. Although Lewis Gray (1914) wrote about economic rent from minerals, it took until 1948 for E. Cary Brown to more closely consider taxing economic rent from mineral extraction. He addressed the shortcomings of collecting revenue from minerals via production-based royalties, compared with the alternative of income-based taxation (Brown 1948). His approach, termed the 'cash flow method', applies tax to the difference between project cash inflows and cash outflows (both capital and recurrent). In cases where net cash flow happens to be negative, including start-up capital investment, the government provides a cash contribution based on a set rate of tax, multiplied by the negative cash flow. A government also provides cash contribution to any negative cash flows associated with decommissioning a project at the end of its economic life. Thus under the Brown approach, a government shares equally in all losses and profits, being effectively a joint venture partner with its level of equity participation determined by the pre-set tax rate. The Brown cash flow method was advocated for Australia by Swan (1976).

Later, Garnaut and Clunies Ross (1975, 1979) posited their variation on the 'Brown tax' whereby a resource rent tax (RRT) would only be levied on the annual net positive cash flow of a project. In their variation instances of net negative cash flows would not receive government cash contributions. Rather, such net negative cash flows would be carried forward with interest (the accumulation rate) to preserve their value to the investor. For this reason it is described as a one-sided tax; where the government taxes high profits but does not compensate for any ultimate losses. Since 1977 a progressive form of the RRT has been applied in Papua New Guinea from time to time (Emerson and Kraal 2016 (forthcoming)).

¹⁷ Cullen (1988), p 225 cites Commonwealth: Joint Committee of Public Accounts Report 1981, Petroleum and Royalties and Excise, Parliamentary Paper No. 236/1981.

The next refinement was the allowance for corporate capital (ACC) in a cash flow method derived by Boadway and Bruce (1984). The ACC is somewhat different from the Garnaut and Clunies Ross RRT, for under the ACC method, capital expenditure is not fully deducted when incurred. Rather, capital expenditure is depreciated over its effective life. In instances of net negative cash flow, the negative amount is carried forward at the 'allowance for corporate capital' rate (accumulation rate) to preserve its value. This method includes a 'tax credit' for project losses, refundable as a cash payment by the government. The ACC method was first proposed for application to the capital-intensive minerals industry in 2010 and labelled as the Resource Super Profits Tax,¹⁸ and is the precursor to the previously mentioned Minerals Resource Rent Tax.

The Australian Petroleum Resource Rent Tax is based on the Garnaut and Clunies Ross method, and is still an operative tax, despite criticisms that a resource rent tax would potentially stifle exploration (Esso Australia Ltd 1984) and concerns about the neutrality test (eg. Ball and Bowers 1983, 1984; Fraser 1993; Mayo 1979) and the efficiency test (Fraser 1999).

3. Narrative of government progression toward tax reform

The Australian Labor Party recognised the need for reform to encourage further mineral exploration. Its original resource rent tax policy was to apply to all mineral resources, but by mid-1983 discussions initiated by Hawke's Labor Government proved futile, as the States would not relinquish their royalties from hard rock minerals for a share of the proposed resource rent tax. Thus by December 1983 the Hawke Government narrowed the focus to petroleum. The Government released a discussion paper that presented its case for a resource rent tax (RRT) for petroleum, which would be a replacement for royalties and the crude oil levy. It called for public submissions.¹⁹ Prime Minister Bob Hawke was well-known for his consensus

¹⁸ Australian Government(2010, *Taxation: Resource Super Profits Tax. Budget 2010-11*, http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201011/TaxationRSPTax.

¹⁹ Commonwealth Government (1983) See also Craig Emerson, Private Papers (Discussion Papers tab); and Author interview with Craig Emerson, 26/3/15.

approach, and encouraged this engagement. The submissions received were summarised by Department of Resources and Energy (DRE) staff in January 1984.²⁰

The DRE analysis showed industry attempts to discredit the RRT; such as industry stating it was theoretically unsound, claiming an RRT is unsuited to the high risk nature of the industry and calling for a tax offset²¹ for exploration costs. In response, in February 1984, the Government issued a position paper that examined the provision of an RRT tax offset for unsuccessful petroleum exploration and the likely effect of a tax offset on business decisions and government revenue.²² The position paper was made available both to the States' energy ministers and the oil industry.²³

Hawke Government RRT meetings, 1984

Over the first six months of 1984 there were multiple meetings on the subject of an RRT. Reports of these meetings indicate concerted attempts by the Hawke Government to consult with targeted industry stakeholders, such as Esso and BHP, and representatives from the governments of Victoria, South Australia and Western Australia. The DRE, the Industry Development Corporation (IDC) and the Treasury were the key government agencies involved, and Peter Walsh was the most regular participant in these RRT discussions.

The final decisions on the RRT design and rates were made by a small coterie comprising Hawke, Walsh, Keating, Ross Garnaut — and Bernie Fraser (seconded from Treasury). Emerson and a small number of high-level bureaucrats were also in attendance at these meetings. For instance, on 27 February 1984 a meeting was held to discuss the feasibility of scheduling a ministerial announcement for an RRT to be effective from 1 July 1984.²⁴

The range of meetings resulted in the Hawke camp conceding to the external pressure from industry, and internal Keating/Treasury demands, by excluding Bass

²⁰ Craig Emerson, Private Papers (Submissions tab): Craig Emerson Report 24/1/84 for submissions from the Australian Petroleum Exploration Association, Esso, BHP, CSR, Santos, West Australian Petroleum, Woodside and the Australian Mining Industry Council.

²¹ A tax offset is in effect a partial remission or cancellation of tax that would otherwise be payable by a taxpayer. A tax offset is also known as a tax rebate or tax credit.

²² Commonwealth Government (1984).

²³ Craig Emerson, Private Papers (Exploration tab): Minute, A Smart, DRE, to Minister Walsh, 14/2/84.

²⁴ Craig Emerson, Private Papers (Notes tab): Craig Emerson Diary extract, 16/1/84 to 29/5/84, p 7.

Strait from the RRT, thus amending the government's April 1984 position paper.²⁵ Despite the Bass Strait concession, industry still complained about the negative impact of the crude oil levy. The Hawke Government also accommodated the States' intractability by narrowing the RRT coverage only to offshore petroleum projects that had not yet reached development stage, referred to as 'greenfields' projects. Thus to this day, onshore petroleum projects still remain subject to the States' royalty regimes.

The government's April 1984 position paper not only excised Victoria's Bass Strait from the RRT (although it remained subject to royalties and the crude oil levy) but also the North West Shelf project (off the coast of Western Australia).

Government bureaucrats and agencies

The archival documents show how roles were split between the government bureaucrats and agencies to bring the RRT project to fruition. The Department of Resources and Energy (DRE) responsibilities covered dealings with the States (Victoria, South Australia and Western Australia), cash bidding, products (eg. crude oil, condensate), project definition, joint ventures, treatment of existing projects, end-of-project-life adjustments and Ministerial briefings.²⁶ The DRE staff members, led by Alan Woods, worked closely with their minister, Peter Walsh, and were generally supportive of Labor's RRT 'after realising the strength of Walsh's resolve.'²⁷ Treasury Secretary Bernie Fraser (who developed considerable influence over Keating), was responsible for uplift rates and tax rate proposals, treatment of unsuccessful exploration costs and changes in regulations for project ownership. Working in conjunction with the Australian Tax Office,²⁸ other Treasury responsibilities included the drafting of joint Ministerial Statements, Cabinet submissions on the RRT; and private royalties (eg. the Weeks royalties in Bass Strait).²⁹ The Industry Development

²⁵ Craig Emerson, Private Papers (Notes tab): Department of Prime Minister and Cabinet. Record of meeting with J Kirk, Esso, 30/3/84. Minute, Department of Prime Minister & Cab, 4/4/84, re: Record of meeting with B Loton and R Fynmore, BHP, 30/3/84. Government parties in attendance at both meetings: Prime Minister, Treasurer, Minister for Resources and Energy, R Garnaut and C Emerson.

²⁶ See for example, Craig Emerson, Private Papers Industry (Industry tab): Craig Emerson, handwritten notes for Ross Garnaut, 'An RRT for the petroleum industry', 23/3/84.

²⁷ Craig Emerson, Private Papers (Notes tab): Craig Emerson Diary extract, 16/1/84 to 29/5/84, p 7.

²⁸ For an example of incorporated Tax office commentary, see Craig Emerson, Private Papers Industry (Industry Development Corporation tab): Treasury submission to IDC on RRT, 9/4/84, re: 'Comparison of treatment of RRT exploration subsidies: Taxable or non-taxable'.

²⁹ For example, Craig Emerson, Private Papers (Ministerial tab): Letter: confidential, DR Morgan, First Assist Sec. Treasury, Taxation and Industry Division, to DRE Smart, PM & Cabinet, R Garnaut, C

Corporation (IDC) was responsible for drafting the discussion and position papers (upon receiving RRT materials from the responsible departments). It conducted the painstaking work of summarising the feedback from industry on position papers.³⁰

4. Archival Documents 1983-1984

Craig Emerson's private papers include inter-departmental communications from his time with the Department of Resources and Energy, and outline the Hawke Government's (1983-1991) progress towards petroleum resource rent from 1983. In 2015 the Emerson papers were made available to the author, who prepared a detailed 'finding list' for the collection.³¹ The author visited the National Archives of Australia in 2015 to read and check the newly released government files from petroleum reform period.³²

5. Summary of PRRT key dates

The list below summarises the key dates between 1983 and 1998 concerning the original form of the PRRT. Note the delay between joint press release of Keating and Walsh on 27 June 1984 and Royal Assent for the legislation in December 1987. The reasons for the delay were minor issues with the timing of the Bill's drafting. The major delay reason were the changes of ministers for resources and energy. Peter Walsh was moved to become Finance Minister in December 1984, Gareth Evans took his place, but was then shifted from resources and energy after the July 1987 Federal election. Alan Griffiths became the replacement minister when the PRRT was enacted in December 1987.

Emerson DRE, CoT Nolan, 5/6/84, re: draft Ministerial Statement on RRT to be given by Walsh and Keating; and Letter, DR Morgan, Treasury, to DRE, PM & Cabinet, C Emerson DRE, CoT Nolan, 21/6/84, re: 3rd Draft Cabinet submission on RRT. For information on the Bass Strait's Weeks royalties see, Cullen (1988), p 216.

³⁰ Craig Emerson, Private Papers Industry (Development Corporation tab): File note DRE, EC Mathews DRE, 7/2/84. The file has three draft versions of the Government's (1984b) position paper.

³¹ See Appendix for a detailed list of Craig Emerson's Private Papers.

³² See the Reference list for the more relevant NAA files.

Petroleum Resource Rent Tax: key dates 1983 to 1998

Month	Activity
December 1983	Govt. general discussion paper: the case for a resource rent tax (RRT).
February 1984	Govt. position paper. Examination of provision of an RRT loss offset for unsuccessful exploration and its effect on business decisions and government revenue.
14 April 1984	Govt. position paper. Outline of Government's intention for an RRT only on offshore petroleum projects, development stage ie. 'greenfields' projects, but excluding Bass Strait and the North West Shelf (NWS). Ministerial Statement issued. Joint Press Release. Ministerial Statement by PJ Keating, Treasurer, and P Walsh, Minister DRE, 'greenfields' projects to be subject to an RRT with effect from 1 July 1984.
27 June 1984	Joint Press Release. Ministerial Statement by PJ Keating, and P Walsh. Taxation arrangements for the petroleum sector to take effect from 1 July 1984. More details on 'Greenfield' offshore developments.
20 May 1985	Joint Press Release. Ministerial Statement by PJ Keating, Treasurer, and Gareth Evans, QC, Minister DRE. RRT treatment for the Jabiru development, NT, and 'End-of-Project-Life adjustments.'
December 1987	<i>Petroleum Resource Rent Tax Assessment Act (1987)</i> , Royal Assent. The legislation excluded Bass Strait and the North West Shelf projects.
January 1988	<i>Petroleum Resource Rent Tax Assessment Act (1987)</i> effective January 1988.
January 1988 “ “	<i>Petroleum Excise (Prices) Act 1987</i> effective January 1988. Oil pricing at import parity ended, and domestic crude oil supply and marketing arrangements were fully deregulated.

The list below summarises the key PRRT dates between 1990 and 2015. Of most interest is the inclusion of Bass Strait in the PRRT regime from July 1990, which came in at the request of Esso and BHP. Further, in 1991 a major tax concession concerned exploration cost deductibility, which was widened from a project to a company wide basis. These costs could be transferred to other projects with a notional taxable profit.

Subsequently in 2004, under the Howard Government (1991-2006), another major concession involved an uplift of 150 per cent on PRRT deductions for

exploration expenditure incurred in offshore frontier areas. Other major changes included the 2005 introduction of the Gas Transfer Regulations.

Last, from July 2012, the PRRT extended to onshore oil and gas projects, including the North West Shelf project, oil shale projects and coal seam gas projects

Petroleum Resource Rent Tax: key dates 1990 to 2015³³

Year	Amendment
July 1990	<p><i>Petroleum Resource Rent Legislation Amendment Act 1991 No. 80, 1991.</i> From fiscal year 1990-91 the Act applied to Bass Strait production.</p>
1991	<p>In 1991 exploration cost deductibility was widened from a project to a company wide basis. This enables undeducted exploration expenditure incurred after 1 July 1990 to be transferred to other projects with a notional taxable profit held by the same entity.</p> <p>In the case of a company in a company group, the expenditure is also transferable to other PRRT-liable projects held in the group.</p>
2001	<p>The October 2001 legislative amendments allow the Tax Commissioner to apply a gas transfer price formula in the absence of an arms-length sale in an integrated gas to liquids project.</p> <p>The reference date for the five year rule applying to expenditure uplifts was changed to refer to the date nominated in a 'Statement of Receipt' issued when all information pertinent to the application for a production licence is supplied to the 'Designated Authority'.</p>
2003	<p>Amendments removed an inconsistency in relation to tolling fees. In a tolling situation, the property of one project, such as the platform or processing facilities, may be partially used to produce its own petroleum and partially used to process petroleum sourced from third party projects.</p> <p>Amendments ensure that all partial usage situations are treated in the same way and do not impact on efficient commercial arrangements. The amendments also ensure that double taxation, black hole expenditures or understatement of net assessable receipts do not affect government or industry.</p>

³³ Source: Department of Industry Innovation and Science, <http://www.industry.gov.au/resource/Enhancing/ResourcesTaxation/PetroleumResourceRentTax/Pages/PRRTHistory.aspx>

<p>2004</p>	<p>In May 2004 the government introduced a measure to encourage petroleum exploration in remote offshore areas. This involves an uplift of 150 per cent on PRRT deductions for exploration expenditure incurred in designated offshore frontier areas.</p> <p>Up to 30 June 2008, the measure applied to pre-appraisal exploration expenditure in the initial term of the exploration permit granted for a designated area.</p>
<p>2005</p>	<p>In 2005 the Government introduced the <u>Petroleum Resource Rent Tax Assessment Regulations 2005</u>, known as the <i>Gas Transfer Regulations</i>. The objective of the Regulations is to provide a framework to determine the price for gas in the case of an integrated gas-to-liquids (GTL) project. The framework enables a PRRT liability to be calculated in the upstream component of an integrated GTL project where there is no arm's length price or comparable uncontrolled price.</p> <p>The Regulations allow for a gas transfer price to be determined by the Commissioner of Taxation, either by an advanced pricing arrangement agreed with the PRRT taxpayer (i.e. an uncontrollable comparable price), or by a Residual Pricing Mechanism. In the circumstances where an advanced pricing arrangement or uncontrollable comparable price does not exist, the Residual Pricing Mechanism prevails.</p>
<p>2005</p>	<p>In May 2005 the Government announced further policy changes to the PRRT designed to reduce compliance costs, improve administration and remove inconsistencies in the PRRT regime. These changes, which became effective from 1 July 2006, include:</p> <ul style="list-style-type: none"> • allowing deductions of transferable exploration expenditure when calculating quarterly instalments and of Fringe Benefits Tax for PRRT purposes • allowing deductions of closing-down costs when moving from a production to an infrastructure licence • the introduction of the PRRT in the self-assessment regime • providing roll-over relief for internal corporate restructuring • introducing a transfer notice requirement for vendors disposing of an interest in a

	<p>petroleum project</p> <ul style="list-style-type: none"> • extending the lodgement period for PRRT annual returns from 42 to 60 days.
2008	<p>The Federal Budget 2007-08 announced three policy changes to the PRRT that aimed to lower compliance costs and remove inconsistencies. Effective from 1 July 2008, the measures included:</p> <ul style="list-style-type: none"> • a functional currency rule built into the PRRT, similar to that under income tax, to allow oil and gas producers to elect to work out their PRRT position in a foreign currency • the introduction of a 'look back' rule for exploration expenditure, to ensure that all exploration expenditure is deductible for PRRT purposes where a production licence is derived from a retention lease, on or after 1 July 2008 • addressing of the overlap between two petroleum projects, so that where a petroleum project processes petroleum sourced from another petroleum project for a tolling fee, the tolling fee received is treated as a PRRT receipt, and the expenses incurred are treated as a PRRT deduction
2012	<p>On 1 July 2012, the PRRT extended to onshore oil and gas projects, including the North West Shelf, oil shale projects and coal seam gas projects.</p>
2015	<p>The <u>Petroleum Resource Rent Tax Assessment Regulations 2015</u> known as the <i>Gas Transfer Regulations</i> took effect in December 2015. Repealed the <i>Gas Transfer Regulations 2005</i>. The objective of the Regulations is to provide a framework to determine the price for gas in the case of an integrated gas-to-liquids (GTL) project.</p>

6. Future Research

This paper has set out to overview the key primary documents concerning the political and consultative progress of the 1977 Australian Labor Party's resource rent tax policy into legislation, culminating in the *Petroleum Resource Rent Tax Assessment Act 1987*. Resource rent tax theoretical literature has also been reviewed. The next, more formal paper will provide an analysis of process on consultations on resource tax reform, and investigate the roles of key persons and institutions in the progression of resource rent tax policy to legislation. Other academics, tax practitioners, industry and government should see value in this unique collection of materials outlining the historical progression of resource taxing from the crude oil levy and royalty regime to the PRRT.

Appendix

Craig Emerson, private papers

Petroleum Resource Rent Tax 1983-1984: Finding list

(List prepared by Diane Kraal, diane.kraal@monash.edu, August 2016.)

Submissions tab

1. Industry Submissions to the Department of Resources and Energy. Re: proposed Resource Rent Tax:
 - a. Australian Mining Industry Council 24/1/84
 - b. Australian Petroleum Exploration Association (APEA) 24/1/84, 28/2/84, 7/3/84, 21/3/84, 27/3/84 [media stmt], 15/5/84, 24/5/84, 25/5/84 x 2, 8/6/84 x 2, 14/6/84. APEA media Statement 27/3/84, re: response to Fed Govt criticisms about APEA's adverts about how the industry opposes taxes on oil. APEA was not aware of consensus approach.
 - c. BP Australia 2/3/84
 - d. West Australian Petroleum Pty Ltd 24/1/84, 7/5/84, 16/5/84
 - e. Australian Aquitaine Petroleum Pty Ltd 7/5/84
 - f. Amoco Australia 7/5/84
 - g. Noranda Australia Ltd 8/5/84
 - h. Ampol Exploration Ltd 8/5/84
 - i. Bridge Oil Ltd 8/5/84
 - j. BHP Petroleum Pty Ltd 9/5/84, 10/5/84, 28/5/84
 - k. Australian Occidental Pty Ltd 4/5/84
 - l. Moage Ltd 4/5/84
 - m. Santa Fe Energy Company 10/5/84
 - n. Bell Resources Ltd 7/5/84
 - o. Woodside Petroleum 24/1/84, 15/5/84
 - p. Shell Australia Ltd 8/5/84, 9/5/84, 15/5/84, 7/6/84
 - q. Esso Australia Ltd 24/1/84 15/5/84, 24/5/84, 25/5/84 x 2
 - r. Australian Oil & Gas Corporation 10/5/84
 - s. California Asiatic oil Company [Chevron] 15/5/84
 - t. CRA Ltd 15/5/84 x 2
 - u. CSR Ltd 24/1/84, 16/5/84, 8/6/84, 22/6/84, 29/6/84
 - v. MIM Holdings Ltd 22/5/84
 - w. Phillips Australian Oil Company Ltd 22/5/84
 - x. Western Mining Corporation 9/5/84, 25/5/84
 - y. Santos Ltd 24/1/84, 5/6/84 x 2
 - z. Eagle Corporation Ltd 8/6/84
 - aa. Marathon Petroleum Australia Pty Ltd 12/6/84
 - bb. BHP Co Ltd 12/6/84
 - cc. Australian Mining Industry Council, 16/5/84, 25/6/84 x 2

dd. Norcen Energy Resources Ltd 5/8/84
ee. Northern Territory Chamber of Mines 20/2/84
ff. CT Gibbons, Chartered Accountant, 23/5/84.

2. In Confidence. Summaries of submissions of selected companies by C Emerson, 24/1/84 x 2 copies.

Reports tab

1. APEA (1984) *Petroleum Exploration: The Case Against More Tax*, Released Feb 1984
2. John Kinna, and Minter Simpson and Co, 'Report on Resource Rent Tax Discussion Papers' (Released 28 March 1984). Report for Dept of Resources and Energy.
3. Minute, J Wicks, Energy Div., DRE to Min. Walsh, 18/5/84, re: Summary of industry comments on RRT.

Esso tab

1. Letter, Esso Australia Ltd to R Willis: Minister for Employment and Industrial Relations, 24/2/84, Re: proposed RRT. Forwarding letter from Willis to P Walsh.
2. Letter, SR McGill: Esso Australia Ltd, to P Walsh DRE Minister, 28/2/84 Re: Discussion paper Dec '83 and Full Exploration paper Feb '84. Esso paper, 'Effects on Exploration of RRT with Full Exploration Loss Offsets'.
3. Minutes: confidential, AC Smart Assist. Sec. DRE to Min. Walsh, 27/3/84, re: meeting IDC and petroleum industry about RRT on 24/1/84. Further two separate meetings 17/2/84 with DRE, Treasury, IDC, Esso; and DRE, Treasury, IDC and BHP.
4. Esso, "The Case against an RRT for Australia", 22/3/84 x 3.
5. P Walsh, Minister, Dept Minister for Resources and Energy, 'Commentary on Response by Esso to the Discussion Paper: Resource Rent Tax in the Petroleum Sector', typescript 28/3/84.
6. Letter, P Walsh DRE to SR McGill: Esso Australia Ltd, 17/4/84. Re: response to Esso letter 24/2/84. Walsh is annoyed by Esso letter.
7. Minute, DJ Ives: Dep. Sec. DRE to EWC Mathews and Emerson, 17/4/84, re: amendment of 30 March 1984 meeting between Walsh, Minister for Resources and Energy & B. Loton and R. Fynmore of BHP.
8. Esso Press Release, 18 April 1984.
9. Letter, J Kirk, Esso, and R Fynmore, BHP to Hawke, Keating and Walsh 6/4/84, re: Esso/BHP, excise levy on Fortescue oil production.
10. Letter, J Kirk, Esso, and R Fynmore, BHP to Walsh 18/4/84 Re: Excise on Gippsland oil production.
11. Letter, Minister. P. Walsh to J. Kirk, Esso 2/5/84, re: Excise on Esso's Gippsland operations. Question on whether excise on 'new oil' will come under proposed RRT.

12. -C Emerson handwritten file notes and geo science charts of Australia's crude oil production 1975-2005.
13. Minute: confidential, from J. Starkey, Petroleum Division DRE to Minister Walsh, 19/6/84, re: meeting with J Kirk, Esso on 20/6/84.

Peter Walsh, letters tab

1. Report, 'Why an RRT?', Dept Minister for Resources and Energy, 18 April 1984
2. Handwritten Notes, C. Emerson to Peter Walsh, re: Exploration issue is critical, notes for industry meeting 24/1/84; industry position on RRT at 18/5/84 meeting, 25/5/84; proposed meeting with Hawke 4/6/84; Hawke, Garnaut, Keating, Greg Smith, Walsh, Emerson meeting 20/6/84. Emerson note to P Walsh, 28/6/84.
3. Minute, AC Smart to Walsh, 19/6/84, various submissions from service groups about RRT.
4. Letters, various to and from Sen. Peter Walsh, Minister for Resources and Energy, re: resource rent tax:
5. R. Garnaut (?) ANU Dept of Economics to P Walsh, 2/12/83.
6. Walsh to APEA, 27/1/84, points arising from 24/84 meeting with APEA and industry.
7. Walsh to Keating, 6/2/84, main issues in relation to RRT discussion paper
8. Walsh to A Woods, DRE Secretary, 2/4/84, re: RT modelling simulations to have general applicability, not solely to Jabiru project.
9. Wilson Tuckey to Walsh, 25/5/84, re: critical of RRT x 2 copies
10. Walsh to Keating, 12/5/85, re: concerns about delayed introduction of RRT legislation. Suggests Budget sitting of parliament
11. Walsh to Gareth Evans, 15/2/85, delay in RRT legislation is unsatisfactory.

Press tab

1. C Emerson's handwritten notes for Peter Walsh, press conference on resource rent tax, December 1983.
2. Joint Press Release 18/4/84: P Keating, Treasurer and R Walsh, Minister for Resources and Energy [Energy and Minerals Mar 1983 to Dec 1984 and Finance Minister from 1984 to 1990]. Re: Release of 'Greenfields' position paper and for RRT to take effect from 1/7/84, excluding Bass Strait and the North-West Shelf x 11.
3. Joint Press Release 27/6/84: P Keating, Treasurer and P Walsh Minister for Resources and Energy. Annotated draft, Cabinet-in-Confidence. Re: Statement with more details on 'Greenfields' offshore petroleum developments. [To take effect from 1/7/84.]
4. Press Release 27/6/84, Statement by the Treasurer, PJ Keating, and the Minister for Resources and Energy, P Walsh, Resource Rent Tax on "Greenfields" Offshore Petroleum Projects. [To take effect from 1/7/84.]

5. Minute: confidential, J. Starkey, Petroleum Division DRE, 15/2/84, re: Holmes a Court and Weeks royalty.
6. Minute from AC Smart Assist. Sec. DRE to Min. Walsh, 28/6/84. Press Release re: Hartogen form letter.
7. Minute, AC Smart Assist. Sec. DRE to Dr Shogren, DRE, 5/7/84, re: draft letters to The Age and Australian about RRT criticisms.
8. RRE article: and 'Petroleum News' jrnal, 7/84 that is critical of three tier structure of petroleum taxation: pre-1975 old oil excise, levy on new oil post-Sept 1975 [eg. Fortescue in Bass Strait]; and RRT on greenfields off shore projects not yet in development: threshold 25% [LIBR 15% + 10% uplift], and 45% tax rate.
9. RRE article: The Bulletin 24/7/84, Resource analyst Dr Story advised clients to shift out of offshore oil exploration into onshore oil exploration because of RRT x 2.
10. Joint Press Release: P Keating, Treasurer and Gareth Evans, QC, Minister for Resources and Energy, 20/5/85. 1 x draft press release 20/5/85. Re: Details of NT/P26, Jabiru development, and 'End of Project Life Adjustments'.

Letters tab

1. Letters and telexes from industry to Walsh, DRE, 1/84 to 6/84, Re: RRT.
2. Minute, JS Wright, Dom. Energy Pol. Branch DRE to AC Smart and EWC Mathews, 6/1/84, re: Both BHP and Esso want individual fields treated separately rather than the whole of Bass Strait.
3. Minute, AC Smart, Dom. Energy Pol. Branch, DRE to Walsh, Min DRE, 19/6/84, Re: adverse reactions from industry about RRT.
4. Letter, AJ Woods DRE Secretary to C Emerson, Office for Min. of Finance, 9/7/84, re: eligible deductions for tax purposes.

'RRT for Australian' book tab

1. Correspondence from accountants Hungerfords on proposed book, 'A Resource Rent Tax for Australia?', 23/1/84
2. Final copy, Hungerfords, Hancock and Offner, 'A Resource Rent Tax for Australia?', (January 1984).

Discussion paper tab

1. Cwth of Australia, "Discussion paper on Resource Rent tax in the Petroleum Sector", December 1983 x 4.
2. Cwth of Australia, "Effects of Exploration of Resource Rent Tax with Full Exploration Loss Offsets", February 1984 x 2.
3. Cwth of Australia, "Outline of 'Greenfields' RRT in the Petroleum Sector", 18 April 1984 x 3.

Ministerial tab

1. Unpublished paper written by C Emerson for Minister DRE, 20/1/84, 'Comments on issues in implementing a RRT for petroleum'.

2. Letter: confidential, DR Morgan, First Assist Sec. Treasury, [Taxation and Industry Division] to DRE Smart, PM & Cabinet, R Garnaut, C Emerson DRE, CoT Nolan, 5/6/84, re: draft Ministerial Statement on RRT to be given by Walsh and Keating, 'Resource Rent Tax on 'Greenfields' Offshore Petroleum Projects'.
3. Minute: confidential, DJ Ives Dep. Sec, DRE, to P Walsh: Minister, 6/6/84, re: RRT draft DRE Ministerial Statement 'Resource Rent Tax on 'Greenfields' Offshore Petroleum Projects'. Areas of disagreement include: tax rate; date from which expenditures are eligible for deduction against RRT; and treatment of expenditures incurred more than 5 years prior to issue of production licence. Three other issues include (1) Govt position on royalties and revenue implications for the States of abolishing royalties; (2) treatment of LNG plants (3) wording on implications of non-deductible cash bids.
4. Letter, DR Morgan, Treasury, [Taxation and Industry Division] to DRE, PM & Cabinet, C Emerson DRE, CoT Nolan, 21/6/84, re: 3rd Draft Cabinet submission on RRT.
5. Cabinet-in-confidence Minute from AC Smart Assist. Sec. DRE to Min. Walsh, 25/6/84 re: RRT Cabinet submission.
6. C Emerson's notes 25/6/84 on 'possible talking points for meeting with the Treasurer on RRT key points was that Walsh favoured a 40% tax rate and greater deductibility of costs; Keating a 35% tax rate and limited deductions. [At Hawke meeting on 20/6/84, Keating stated his position against 40% RRT tax rate; see Peter Walsh, Letters tab].
7. Letter from Minister Walsh, DRE, to Treasurer, PJ Keating, 25/6/84, Re: [in a conciliatory manner] Requests that Keating move his position on RRT design to that of Walsh's.
8. Letter, AC Smart, Assist. Sec. DRE to C. Emerson DRE and Treasury, Sec. BW Fraser, cc. Wayne Mayo 25/6/84, re: Govt. modelling on RRT rates vs Excise Royalty Regime. Results show that RRT raises equivalent revenue in NPV terms to that of 'new oil' excise and royalties.
9. C Emerson's notes for Min. Peter Walsh, 'Possible talking points for meeting with the Treasurer on RRT', 25/6/84.

North West Shelf tab

1. Minute: confidential, J Starkey, Petroleum Division DRE to Walsh: Minister, 12/6/84, re: NW Shelf project: *royalties*. Sales of NW shelf gas to SECWA will commence 1 August 1984. About status of negotiations on royalty arrangements between WA Government and JVP.
2. Minute: commercial-in-confidence, JR Daley, Revenue and Pricing Branch DRE, to Walsh: Minister, 15/6/84, re: NW Shelf project: *royalties*. Proposal for limit for allowable deductions for royalties, as deductions could exceed revenue collected.
3. Minute, AC Smart, Assist. Sec. DRE to Walsh: Min, 15/6/84, re: Comparative effect on NW Shelf of proposed RRT and the existing *royalty* regime. Used modelling that showed no RRT to be collected until after the year 2000.

Tax and Revenue tab

1. Draft paper to PM Hawke, 25/3/84, anon. author. Re: Response to interdepartmental Committee on RRT.

Author's view on new oil on Fortescue, which was not covered by Labor's policy platform or election commitments. Wants the offshore 'greenfield' RRT to cover Bass Strait's Fortescue project. Political strategy to include a willingness to consult with States, but Govt. can indefinitely delay extension to established fields.

'New Oil' Levy: BHP proposed 25% for new oil, although current top rate is 87%. Revenue sharing with the States: The 10% ad valorem onshore is equivalent to 1/4 to 1/3 RRT. Adjacent areas [within 3 nautical miles offshore are shared between States and CW] are 8 1/2% ad valorem and equivalent to 1/5 to 1/4 RRT: quite good ratios.

Bass Strait partners could choose between new levy and RRT. RRT would substantially raise more revenue in subsequent years, thus it is expected that the Bass Strait partners will choose the new levy.

Govt. will run risk of 'losing points' if it is not 'firm and purposeful' in the short timetable toward 1 July 1984.

2. Report, C Emerson, Assistant Private Secretary, DRE, to Min. P Walsh, 2/4/84, re: Economic Advantages of an RRT with progressive 50%/70% tax rates, threshold of BR plus 10%/3x BR plus 10%, and non-taxable subsidy for exploration. Ideal for Jabiru and later, for Bass Strait.
3. David Morgan, Treasury Dep. Sec's presentation to IDC, handwritten data on thresholds for RRT.
4. Minute: confidential, GJ Cook DRE to AC Smart Assist. Sec. DRE, 4/4/84, re: RRT Equivalent to Royalty and Excise Regime.
5. Confidential Report, J Wright, Special Projects and Studies, DRE, 4/4/84, re: Comments on W Mayo's paper, 'RRT: A Benchmark for the Threshold Rate'.
6. Minute: confidential, AC Smart Assist. Sec. Energy Policy Branch, DRE, 84/794 to Daley, Emerson, Mayo, Lennon and Wright, 5/4/84, re: Estimated Govt. Revenues from Jabiru. Modelling paper.
7. Minute, 84/900, D J Ives, Dep. Sec DRE to Walsh: Min, 5/4/84, re: Estimated Govt. Revenues from Jabiru. Same as above modelling.
8. Minute, AC Smart Assist. Sec. Energy Policy Branch, DRE to D Ives, EWC Mathews, Starkey, Christie, Daley and Emerson, #84/900, 18/4/84, re: Estimated Govt. Revenues from Fortescue, Jabiru, and possible future discoveries and exploration subsidy cost.
9. Minute, AC Smart Assist. Sec. Energy Policy Branch, DRE to D Ives, EWC Mathews, Starkey, Christie, Daley and Emerson, #84/900, DRE, 4/5/84, re: Revised estimated Govt. Revenues from Fortescue, Jabiru, and possible future discoveries.
10. Minute, AC Smart Assist. Sec. Energy Policy Branch, DRE to EWC Mathews, Lawrence, Daley, Emerson, 11/5/84, re: RRT thresholds. Foreshadows that industry may argue that threshold rate is too low. Also discusses why an 'after company threshold rate' cannot be introduced.

11. Letter, C Emerson to Minister Walsh, DRE, 16/5/84, re: RRT threshold rate. About appropriateness of threshold rate in 'Greenfields' discussion paper.
12. Background Brief, In Confidence, Bureau of Mineral Resources to Walsh: Min DRE, 18/4/84, re: Petroleum exploration drilling, Territory of Ashmore-Cartier.
13. Minute, EWC Mathews, First Assist Sec., Energy Policy Div. DRE to Walsh: Min DRE, 22/5/84, re: Comparative petroleum taxation, Australia, UK, Canada.
14. Minute, J Wright, Special Projects and Studies DRE to AC Smart, DRE, 20/6/84, re: Estimates of Equivalence between Fortescue excise and greenfields RRT rates.
15. Further annotated attachment to the above minute, re: Estimates of Equivalence between Fortescue excise and 'greenfield' RRT rates, 21/6/84.

Industry tab

1. C Emerson, Confidential Report, re: Meeting between Senator Walsh, DRE Minister, and petroleum industry representatives on 24/1/84. Min. P Walsh, disappointed about response by industry to petroleum sector 'Discussion Paper'.
2. Confidential Minute, J. Starkey, Petroleum Division DRE to Min. Walsh, Confidential Minute, 17/2/84, re: Weeks override royalty. Discussions with Mr Holmes A Court.
3. Craig Emerson, handwritten notes for Ross Garnaut, 'An RRT for the petroleum industry', 23/3/84.
4. Letter, AJ Woods DRE Secretary to Petroleum Producers and Explorers in Australia, 7/5/84, re: 'Greenfields' RRT in the petroleum sector'.
5. Minute, J Wicks, Energy Div., DRE to Min. Walsh, 17/5/84, re: summaries of industries submissions on Greenfields RRT. Key items: Most claim that RRT will reduce exploration; single threshold and tax rate. Proposed threshold too low and tax rate too high. Deductibility of exploration prior to 1/7/84. For US tax credit, levy RRT first and deduct from income tax.
6. DRE agenda and speaking notes. Meeting between Senator Walsh, DRE Minister, and offshore exploration industry, 18/5/84.
7. Craig Emerson, handwritten, meeting notes; and P Walsh handwritten meeting notes for RRT meeting with industry, 18/5/84.
8. Minute, Henderson, DRE to JR Daley, Exploration and Dev. Branch, DRE, 21/12/84, re: positive comments on RRT by industry. BHP commented in a letter to the newspapers in June 1984, that P Walsh, Min., was the driving force behind the RRT

BHP tab

1. Letter, R Fynmore BHP, to P. Walsh, DRE, 3/2/84, re: comments on RRT.
2. Letter: confidential file, R. Fynmore BHP, to A Woods, DRE, 8/2/84, re: Gippsland financial data 1962 to 1984.
3. Letter, A Smart, Domestic Energy Policy Branch, DRE, to R. Fynmore, BHP, 9/2/84, re: acknowledgement of letter 8/2/84.

4. Submission from BHP on RRT. [Negative response, but pre-'Greenfields' discussion paper], 22/2/84.
5. Letter, R. Fynmore BHP, to Hon. G. Evans, 12/12/84, re: development of Jabiru and proposed RRT. BHP issues with RRT: exploration costs, relinquished acreage, RRT instalments, the choice of which long term bond rate and abandonment costs.
6. Minute, J Starkey, Petroleum Division DRE to G Evans DRE Minister, 18/12/84, re: BHP proposed Jabiru development and RRT. Repeat of above RRT issues.
7. C Emerson, file note. Comments on BHP's interpretation of Minister's policy statement on 'Greenfields' RRT in the Petroleum Sector', 8/1/85. Response to BHP's RRT issues.
8. Draft letter, Hon. G. Evans, Minister DRE, to Fynmore BHP, 23/1/85, re: response to BHP 12/12/84 letter about RRT major issues in relation to Jabiru.
9. File note, A. Smart, Domestic Energy Policy Branch to Hon. G. Evans, Minister DRE, re: BHP letter 14/2/85. Clarification of RRT issues in the context of development of draft legislation.
10. Letter, Hon. G. Evans, Minister DRE, to R Fynmore BHP, 20/2/85, re: response to BHP 12/12/84.
11. Letter, P. Hill, BP Australia, to J Starkey, Petroleum Division DRE, 10/4/85, re: RRT clarifications request.

Jabiru tab

1. Minute: confidential, D. J. Ives Deputy Secretary, DRE, to Minister, April 1984, re: response to questions on 'greenfield' RRT and Jabiru. Modelling.
2. Case study on Jabiru by Dr Ian Story, stockbroker of Meares and Philips, 8/6/84.
3. Minute, A Smart, Domestic Energy Policy Branch, DRE to Walsh, Minister, 13/6/84, re: Jabiru analysis by Dr Ian Story, x 2. Plus newspaper articles:
4. Advertisement: Hawke Government has cargo cult mentality towards oil exploration industry ', *The Australian*, 5 June 1984.
5. Erskine, David, 'Oil industry to present Walsh 'acceptable' resource rent tax plan', *The Australian*, 8 June 1984.
6. ———, 'Proposed RRT', *The Australian*, 5 June 1984.
7. ———, 'RRT threatens stranglehold on oil exploration ', *The Australian Financial Review*, 8 June 1984.
8. C Emerson, handwritten notes. Modelling of RRT rates for Jabiru, 24/6/84.
9. Minute, JC Starkey, Petroleum Division DRE to Minister, 27/6/84, re: Jabiru future, Jabiru 3 is dry hole.
10. Minute, A. Smart, DRE, to C. Emerson, 14/8/84, re: Jabiru analysis by Dr Ian Story, of Meares and Philips. Story analysis flawed.
11. Minute, J Starkey, Petroleum Division DRE, to C. Emerson et al., 28/11/84, re: BHP presentation of Jabiru for 5/12/84.
12. C. Emerson handwritten notes on BHP presentation about Jabiru RRT issues, 5/12/84.

Exploration tab

1. Minute, G Mathews, General Energy Policy Division DRE to Minister Walsh, 23/10/83 & 19/1/84, re: data on existing oilfields, 19/1/84 &. Modelling.
2. Minute, A Smart, DRE, to C Emerson, 20/1/84, re: exploration incentives and RRT, Modelling.
3. DRE confidential paper, 24/1/84, re: Effects of Exploration of RRT with Full Exploration Loss Offsets. Modelling.
4. DRE file papers, 1st and 2nd drafts, Feb 1984, re: Effects of two-sided RRT on exploration.
5. Minute: confidential, J Starkey, Petroleum Division DRE, 8/2/84, re: Indonesian seabed delimitation negotiations, [no agreement reached].
6. Letter: confidential, W Mayo, Taxation and Industry Division, Treasury, to B Fraser, Treasury; EWC Mathews DRE; C Emerson DRE, 10/2/84, re: RRT with Exploration Tax Offsets. For consideration by the interdepartmental committee. Draft exploration paper.
7. Minute, AC. Smart, DRE, to Minister Walsh, 14/2/84, re: clearance for draft covering letters for the paper, 'Effects of Exploration of RRT with Full Exploration Loss Offsets'. Papers to go to the AMEC Ministers and industry representatives.
8. Final paper, 'Effects of Exploration of RRT with Full Exploration Loss Offsets', 14/2/84.
9. Minute, J Daly Exploration and Development Branch DRE to C. Emerson, 23/3/84, re: some figures on future offshore exploration and expenditure and graphs.
10. Minute, AC. Smart, DRE, to D Ives, EWC Mathews, Starkey, Daley and Christie, 23/3/84, re: Graph comparing total Government revenues for different taxation schemes on Bass Strait.
11. Minute, DJ Ives, Dep. Sec. DRE to Minister Walsh, 2/4/84, re: petroleum exploration subsidy.
12. Minute, A Smart, DRE, to C Emerson, 1/5/84, re: list of persons and companies written to by Minister with about Greenfield RRT discussions,.
13. Minute, A Smart, DRE, to C Emerson, 10/5/84, re: structure and administration of an exploration subsidy.
14. Confidential, RRT draft Joint Press Release, Ministerial Statement on RRT, 22/5/84.
15. Confidential, RRT draft Ministerial Statement on RRT in the petroleum sector, for PJ Keating, Treasurer, and P Walsh, DRE, 22/5/84.
16. Confidential, second draft Ministerial Statement on RRT on Offshore Petroleum, for PJ Keating, Treasurer, and P Walsh, DRE, 23/5/84.
17. File note/ Paper, Treatment of undeveloped old oil in the VIC-P-1, 20/6/84
18. Minute, A. Smart, DRE, to Minister Walsh, 20/6/84, re: 'Treatment of undeveloped 'old' oil fields in Bass Strait'. Revenue implications. [Shows table with RRT calculations.]
19. Craig Emerson, paper, 'End of project adjustments RRT', 20/2/85.

Industry Development Corporation (IDC) tab

1. File note DRE, EC Mathews DRE, 7/2/84, re: outcome of IDC meeting 7/2/84 on RRT. Joint work with DRE and Treasury.

2. Letter, Minister, Employment and Industrial Relations to Walsh: Min, DRE, 22/3/84, re: J Kirk, Esso letter stating that an RRT would seriously reduce exploration.
3. Minute: confidential, AC Smart Assist. Sec. DRE to Min. Walsh, 27/3/84, re: meeting between Esso, BHP and IDC on RRT.
4. File note DRE, EC Mathews, DRE, 3/4/84, re: IDC meeting on RRT.
5. Confidential files, 3 x IDC drafts, "Outline of 'Greenfields' RRT in the Petroleum Sector", 10/4/84.
6. Treasury submission to IDC on RRT, 9/4/84, re: 'Comparison of treatment of RRT exploration subsidies: Taxable or non-taxable'.
7. Minute: confidential, JR Daley, Exploration and Dev. Branch, DRE to C Emerson, 20/6/84, re: Estimates of Equivalence between Fortescue excise and greenfields RRT rates. Models \$300m and \$00 revenue objectives.
8. CE's report for meeting, 24/5/84, re: relative effects of threshold and tax rates [contains graphs and calcs].
9. DRE submission to IDC, Thresholds, tax rates, and exploration subsidies, date?
10. Letter: confidential, W Mayo, (Business Taxation Policy Branch, Treasury) to B Fraser, Treasury; E Mathews & C Emerson, DRE; B Nolan, CoT, N Stevens, Sec. and R Garnaut, Dept of PM and Cabinet, 25/5/84, re: Resource tent Tax IDC meeting. Draft June 1984 Statement on RRT for PJ Keating and P. Walsh, prepared by RRT working party.

Drafts RRT tab

1. Statement of Intent on Resource Rent Tax in the Petroleum Sector, 28/3/84 [prepared day before meeting in Hawke's office]. Enclosed is a Minute to DJ Ives Dep. Sec, DRE, from P Walsh, DRE Minister, 27/3/84, re: RRT under a Greens fields Approach. Notes that the IDC recommended that an RRT be developed for greenfields.
2. Confidential Minute from W Mayo (Business Taxation Policy Branch, Treasury) to B Fraser, Treasury; E Mathews & C Emerson, DRE; B Nolan, CoT, N Stevens, Sec. and R Garnaut, Dept of PM and Cabinet, 6/4/84, re: Draft prepared by RRT working party, Cwth of Australia, "Outline of 'Greenfields' RRT in the Petroleum Sector", For discussion on 10/4/84.
3. Minute: confidential from W Mayo (Business Taxation Policy Branch, Treasury) to B Fraser, Treasury; E Mathews & C Emerson, DRE; B Nolan, CoT, N Stevens, Sec. and R Garnaut, Dept of PM and Cabinet, 11/4/84, re: Further draft prepared by RRT working party, Cwth of Australia, "Outline of 'Greenfields' RRT in the Petroleum Sector". For discussion on 12/4/84.
4. Final: Cwth of Australia, "Outline of 'Greenfields' RRT in the Petroleum Sector", April 1984
5. Ministerial Statement on RRT on Offshore Petroleum, for P. Keating, Treasurer, and P. Walsh, DRE. For June 1984 release, 25/5/84 and 4/6/84 (annotated with comments by C Emerson).
6. Minute, AC Smart Assist. Sec. DRE to Walsh: Min, 7/6/84, re: background notes for meeting APEA [Hattersley from Shell] on 15/6/84. Minute refutes Shell's arguments for lower tax rate and higher threshold.

7. Minute: confidential, AC Smart Assist. Sec. DRE to Min. Walsh, 14/6/15, re: Comparison between Revenue Costs of Tax Rate Adjustment and Wider Eligibility of Exploration Expenditure.
8. Personal Paper, C Emerson, 'Comment on APEA's [Shell's] Threshold and Tax Rate Proposals', 15/6/84
9. Draft paper, 'Blueprint for RRT'. [Treasury's approach was additional revenue through excise; and DRE approach was through an RRT. ****], nd.
10. 1st draft, 'Resource Rent tax on Greenfields Offshore Petroleum Projects, 20/6/84.
11. 2nd draft, 'Resource Rent tax on Greenfields Offshore Petroleum Projects, 20/6/84.
12. Penultimate 'Press Release 27/6/84' drafts x 2, 'Resource Rent tax on Greenfields Offshore Petroleum Projects', nd.

Notes tab

1. Garnaut hand-written notes on RRT 29/3/84.
2. Emerson hand-written notes on RRT discussion on DRE notepaper) in RJ Hawke's office, 8pm, Thursday 29/3/84.
3. Letter: confidential, Bernie Fraser, Treasury to Mathews and Emerson DRE, Stevens and Garnaut PM's office, 30/03/84. Re: Greenfields RRT.
4. Emerson hand-written notes (on DRE notepaper) in Hawke's office on RRT, Friday 30/3/84.
5. File, Department of Prime Minister & Cab. Record of meeting with J Kirk, Esso, 30/3/84. No RRT given existing regime. RRT would bring Bass Strait to a halt. Keep old oil levy. If RRT, then rate would have to be less than 20% and a holiday for production under 5m bbl. p/a. Revenue take should be max. \$200m.
6. Letter: confidential P. Walsh, Min DRE to A Woods, DRE Secretary, 2/4/84, re: RRT on Greenfields developments. About modelling for all greenfield sites with petroleum, not just Jabiru. The results might provide input into RRT tax rates, thresholds and subsidy arrangements. 'Ultimately those decisions will involve political judgement.'
7. Letter: confidential, P. Walsh, Min DRE to DJ Ives DRE Dep. Secretary, 2/4/84, re: RRT on Jabiru. Requesting modelling for Jabiru.
8. Minute, Department of Prime Minister & Cabinet, 4/4/84, re: Record of meeting with J Kirk on 30 March 1984. Government parties in attendance at both meetings: Prime Minister, Treasurer, Minister for Resources and Energy, R Garnaut and C Emerson.
9. Minute, Department of Prime Minister & Cabinet, 4/4/84, re: Record of meeting with B Loton and R Fynmore on 30 March 1984. Government parties in attendance at both meetings: Prime Minister, Treasurer, Minister for Resources and Energy, R Garnaut and C Emerson.
10. Minute, Department of Prime Minister & Cabinet, 4/4/84, Record of meeting with B. Loton and R Fynmore on 30 March 1984, revised. PM' suggestion of further discussions on an RRT or co-levy was removed from minutes, as per C Emerson's handwritten note to R Garnaut.

11. Letter, AC Smart, Dom. Energy Pol. Branch DRE to Mayo Treasury; Emerson CRE, and Lennon, Tax Dept, 3/5/84, re: draft response to industry about questions on Greenfields RRT paper.
12. Notes for address on RRT, Economic Society, Canberra Branch Meeting, 12/6/84.
13. Articles on RRT:
 - Emerson, Craig, 'Natural Resource Taxation in Australia: The case for the resource rent tax' (*Economic Monograph no. 353*, Economic Society of Australia and New Zealand, c. 1978).
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 - 'Letters to Editor', *Canberra Times*, Thursday, 19 May 1982.
14. Craig Emerson, Diary extract, 16 January 1984 to 29 May 1984, 13 pages.

Statements Tab

1. Ministerial Statement 18/4/84: P Walsh Minister for Resources and Energy: Why a Resource Rent Tax? x 2.
2. Joint Press Release 18/4/84: PJ Keating, Treasurer and R Walsh, Minister for Resources and Energy [Energy and Minerals Mar 1983 to Dec 1984 and Finance Minister from 1984 to 1990]. Re: Release of 'Greenfields' position paper and for RRT to take effect from 1/7/84, excluding Bass Strait and the North-West Shelf x 1.
3. Ministerial Statement 27/6/84: PJ Keating, Treasurer and P Walsh Minister for Resources and Energy. Annotated draft, Cabinet-in-Confidence. Re: More details on 'Greenfields' offshore petroleum developments, to take effect from 1/7/84 x 2.
4. Joint Statement 21/8/90: PJ Keating, Treasurer and A Griffiths, Minister for Resources and Energy. Re: Review of Petroleum Production Excise and Royalty Arrangements.
5. Joint Statement 21/8/90: John Kerin, Minister for Primary Industries and Energy and Alan Griffiths, Minister for Resources. Re: Major Reforms for Rural and Resource industries.

6. Statement 21/8/90: John Kerin, Minister for Primary Industries and Energy and Alan Griffiths, Minister for Resources. Re: Major Reforms for Rural and Resource industries.
7. Statement 21/8/90: Alan Griffiths, Minister for Resources. 'Petroleum sector Initiatives.

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- *Selected files from NAA Series # A1690/63 Petroleum files*

Dates	NAA Item number	Item Description
10/1/84 to 19/9/84	84/0051	Petroleum offshore: review of legislation. Constitutional Settlement between Commonwealth and State coastal waters
26/1/84 to 5/4/84	84/210	RRT Model Specifications
12/1/84 to 13/2/84	84/384	RRT Tax Co-ordination
13/2/84 to 10/9/84	84/390	Resource based taxes overseas
14/3/84	84/696	Petroleum offshore: proposals for competitive bidding system
23/3/84 to 7/9/84	84/774	Excise duty on new oil
26/3/84 to 12/4/84	84/793	RRT Industry submissions
26/3/84 to 10/4/84	84/794	RRT Co-ordination
30/3/84 to 20/6/84	84/834	AMES Standing Committee on offshore Petroleum legislation. Technical directions
March to May 1984	84/973	Bass Strait royalty meetings
16/4/84 to 9/5/85	84/1005	Papers on RRT Co-ordination
5/7/84	84/1795	WA onshore petroleum royalty arrangements,

		Barrow Island
June to August 1984	84/1730	Bass Strait royalty meetings
9/5/84	84/1201	Papers on RRT Co-ordination
9/5/84	84/1202	Papers on RRT Co-ordination
23/5/84 to 12/6/84	84/1347	Papers on RRT Co-ordination
30/5/84 to 16/7/84	84/1416	Petroleum offshore legislation amendments of Petroleum (Submerged Lands) Act 1967
12/6/84 to 6/7/84	84/1545	Papers on RRT Co-ordination
24/8/84	84/2345	Petroleum offshore royalty payments: Bass Strait
7/9/84 to 11/10/84	84/2501	Petroleum offshore legislation amendments of Petroleum (Submerged Lands) Act 1967
21/9/84	84/2629	Weeks override royalty on Bass Strait petroleum production
11/10/84 to 13/11/84	84/2796	Petroleum offshore legislation amendments of Petroleum (Submerged Lands) Act 1967
13/1/84 to 3/1/85	84/3125	Petroleum (Submerged Lands) Act 1967: abolition of royalties TR

Legislation

Excise Tariff Act 1921 (Cth)

Petroleum (Submerged Lands) Royalty Act 1967 (Cth)

Petroleum Revenue Act 1985 (Cth)

Petroleum Resource Rent Tax Assessment Act 1987 (Cth) as amended

Petroleum Resource Rent Tax (Miscellaneous Provisions) Act 1987 (Cth)

Petroleum Excise (Prices) Act 1987 (Cth)

Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)

Minerals Resource Rent Tax Repeal and Other Measures Act 2014 (Cth)

Craig Emerson, private papers. (See Appendix for detail)

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