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International Transport Workers' Federation
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Via email: prrt@treasury.gov.au

Our ref: OGS/SMC/PC/jm

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RE: Treasury Consultation on PRRT Gas Transfer Pricing arrangements

The International Transport Workers Federation (ITF) is a democratic, member-led federation representing over 18 million transport workers in 147 countries. We were heavily involved in the research and advocacy that led to the Callaghan Review of the Petroleum Resource Rent Tax (PRRT) in 2016 and we strongly support the recommendations in the current submission of the Tax Justice Network – Australia (TJN-A) to reform and simplify the methodology of calculating a gas transfer price within the PRRT.

As Australia is now one of the world's largest exporters of LNG and LNG is now one of Australia's top exports, it is crucial that a more fair, appropriate and transparent method is adopted to determine the gas transfer price.

The current default method of using the residual price mechanism as detailed in the TJN-A submission, is not suited for the evolving offshore LNG industry and should be replaced with a netback only approach for all current and future offshore gas projects. This change, as discussed in the Callaghan review and considered in at least two Treasury consultation papers, would provide a fairer return to the Australian community, help restore public confidence in the PRRT regime and provide the industry with greater regulatory certainty moving forward.

The ITF acknowledges that there have been some recent changes to the PRRT, but these fall short of providing a fair return from the exploitation of Australia's offshore gas resources. We hope that Treasury and the Government will implement needed changes that continue to provide favourable investment opportunities for offshore gas exploitation and increase public confidence that the LNG industry will provide significant future PRRT revenues as promised.

It is important that the Australian Government represent the interests of the Australian community over the interests of multinational corporations. Globally, it is also important that the Australian Government set

an example for other resource rich nations that fair and reasonable reforms can be implemented to make sure revenue from the exploitation of commonly owned resources funds public services for our communities and helps reduce unacceptable and harmful levels of income inequality.

Yours sincerely,



Paddy Crumlin
President, ITF



Stephen Cotton
General Secretary, ITF