

Japan Australia LNG (MIMI) Pty Ltd

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Mr Michael Callaghan
PRRT Review
The Treasury
Langton Crescent
PARKES ACT 2600

3 February 2017

Review of PRRT – Submission

Dear Mr Callaghan

Japan Australia LNG (MIMI) Pty Ltd (“MIMI”) is grateful for the opportunity to comment on the Review of the Petroleum Resource Rent Tax announced by the Treasurer on 30 November 2016.

Introduction

MIMI is an Australian-resident company established in 1985 as a 50-50 joint venture between Mitsubishi Corporation and Mitsui & Co., Ltd. MIMI was incorporated in 1985 and its head office is located in Perth. MIMI holds a 16.67% interest in the North West Shelf (NWS) Project, located off the north-west coast of Western Australia. MIMI also holds a 14.4% interest in the Browse Project, a prospective LNG project.

North West Shelf

The Woodside-operated North West Shelf (NWS) Project facilities constitute Australia’s largest oil and gas development and represent an investment of more than \$34 billion.

Accounting for more than one third of Australia’s oil and gas production, the NWS Project is a joint venture between six major international companies. It is one of the world’s largest LNG producers, supplying oil and gas to Australian and international markets from large-scale offshore gas, oil and condensate fields in the Carnarvon Basin off the north-west coast of Australia.

For over 30 years, the NWS Project has been Western Australia’s largest producer of domestic gas. With an international reputation for the safe and reliable delivery of LNG to customers in the Asia Pacific region and other parts of the world, the NWS Project has delivered more than 4000 LNG cargoes since 1989. The NWS Project also produces LPG, oil and condensate, a light crude oil for international energy markets.

The NWS Project is widely regarded as Australia’s iconic resources project, and it has contributed a significant number of jobs, substantial investment, taxation revenue and economic growth over decades in our country. The Project continues to provide for its future through investment in its existing and expansion activities. A stable and transparent fiscal environment has facilitated that contribution.

Browse

The Browse resources are located in the Browse Basin, located offshore approximately 425 km north of Broome in Western Australia. Reserves are estimated at 16 Tcf of gas and 466MMbbl of condensate.

Following the completion of front-end engineering and design (FEED) work in 2016, the BJV participants decided not to progress further with the development concept selected at FEED entry.

The BJV participants are now preparing a new work program for assess and concept select phase activities for the earliest commercial development of the project.

Comments on Review of PRRT

MIMI's views on the Review of PRRT in the context of the NWS are outlined in the joint submission by the six NWS venturers to be filed on 8 February. Further, MIMI has had input into, and fully supports, the submission made by the Australia Petroleum Production & Exploration Association (APPEA). MIMI's views more generally on the Review as it relates to LNG investment are as follows:

- a) PRRT and other petroleum taxes are working as intended, and accordingly MIMI does not consider any changes are required;
- b) The current low PRRT receipts are due to the low price and current industry macroeconomic conditions, and also that the largest oil and gas project, the North West Shelf project, pays significant royalties and excise;
- c) The benefits of oil and gas development in Australia should not be solely viewed through a petroleum tax revenue lens;
- d) Projects which have had significant investments by their owners should not suffer adverse fiscal regime changes; and
- e) A stable and neutral taxation regime is essential to encourage development of resources by allowing a return on investment commensurate with the risk of exploration and development. Adverse fiscal regime changes may discourage already challenging projects to remain undeveloped when market conditions are difficult.

MIMI looks forward to continuing to work with the Review Team as part of this process.

If you have any questions regarding this matter, please contact Angus Samson on 08 9429 9728.

Regards



Motohiro Desaki
Chief Executive Officer