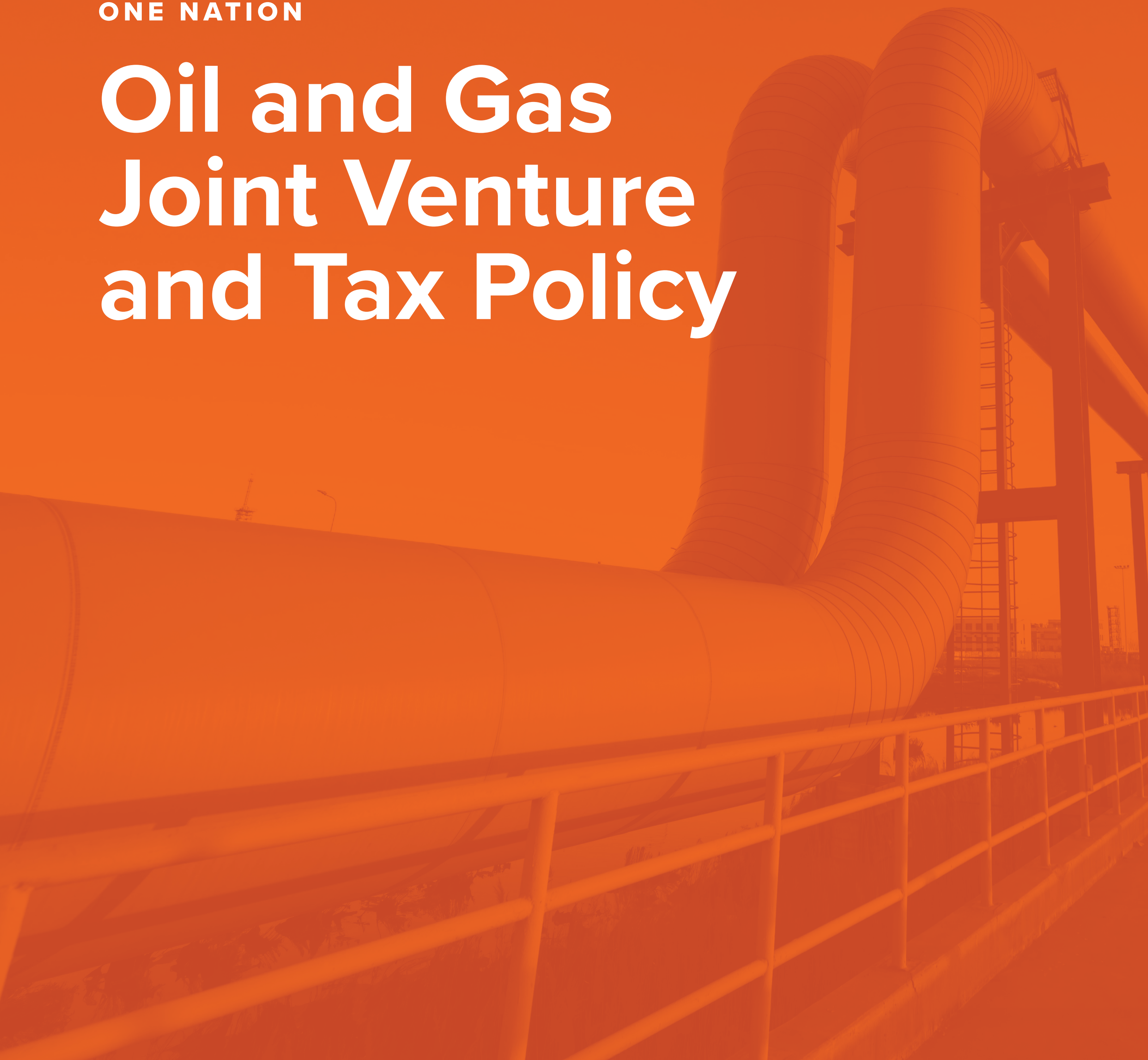
ONE NATION

Oil and Gas Joint Venture and Tax Policy



1. Executive Summary

• Introduce a natural resource joint venture scheme, funding exploration expenditure in Commonwealth waters in exchange for a non-operating equity participation in any resulting production licences.

• Hold and manage these equity interests through a Commonwealth owned Special Investment Vehicle (SIV), the Australian Natural Wealth Investment Corporation (ANWIC), delivering direct public ownership of resources, long-term financial returns, fuel security, and strategic flexibility while partnering with industry rather than acting as an adversary.

• Returns on a 30% stake in a project like the Scarborough Project in WA, could provide returns of up to AU$20 billion over the life of the project and provide up to 9% of Australia's LNG needs.

• Abolish the Petroleum Resource Rent Tax (PRRT) on prospective projects and replace it with a royalty levied on the wellhead value of oil and gas extracted in Australia, ensuring stable, predictable revenues for the Australian people from every oil and gas project.

• Limit any uplift factor on PRRT expenditure to the Long Term Bond Rate (LTBR).

• Implement the reforms alongside reductions in red, green, blue and black tape to accelerate exploration and development, positioning Australia as a competitive destination for investment.

2. Objectives

1. To provide an investment structure to give the Commonwealth and the people of Australia a direct ownership interest in current and future oil and gas projects.

2. To provide fuel security to the Australian people and support industries that are vital to the national interest.

3. To replace the current PRRT with a tax that works effectively for all oil and gas extractions made in Australia's Commonwealth waters, providing predictable cashflows that compensate Australians for their natural resources.

3. Natural ResourceJoint Venture Scheme

3.1 Background

Australia faces a multitude of issues due to years of economic mismanagement.

- We are decades behind in exploration
- Major oil and gas industry participants have publicly stated they will not invest in Australia in the near future
- Existing oil field production is declining as projects reach end of life
- There is almost total export of east coast gas

Investing in a major oil and gas project is a long-term decision, often involving tens of billions in investment. To make these investment decisions, there must be a clear and certain path to profitability before capital is put at risk. The government should be a partner in the production of these critical products and assist in alleviating the barriers that hold back investment.

3.2 Policy

3.2.1 Prospective Projects

For Australia to receive maximum benefit for its natural resources, it must be a partner with industry and not an adversary. One Nation proposes a refundable rebate of 30% of future oil and gas exploration costs in Commonwealth waters to encourage exploration, in exchange for an equity stake of up to 30% in any eventual production licences. Offshore exploration costs are roughly AU$500 million annually.

Under this arrangement, the Commonwealth would be required to pay for their share of the exploration, development, production and decommissioning of Australia's resources, and be entitled to their share of the project's products.

3.2.2 Existing Projects

Labor and Coalition governments have failed to secure a share of our energy resources for the people of Australia. A One Nation government would rectify this by repurposing payments for net-zero projects to purchase stakes in oil and gas projects. These purchases must be made on commercial terms, without any compulsion or coercion.

Joint venture arrangements will meet several important objectives:
• Encourage the exploration and development of Australia's energy resources.
• A legal right to a percentage of oil and gas produced based on Australia's JV participation, effectively removing the need for a reservation policy that risks distorting the market.
• Flexibility to sell JV oil and gas where the domestic market does not need the supply and use the funds to pay down Australia's debts.
• Assurance to industry that the government is committed to the success of the industry given its active participation.
• Incentive for future governments to explore and develop Australia's natural resources.
• Ownership by the Australian people of their own resources.
• Certainty in times of crisis for Australia's fuel supplies.
• Ability to target sovereign manufacturing capabilities by directing oil and gas to critical industries.

Ownership of these interests would be through a Special Investment Vehicle (SIV), ANWIC, with direct control in the hands of the Commonwealth. ANWIC would be governed by a charter that requires it to use the equity oil and gas for the greatest benefit to the Australian people. This would mean that the board would have to weigh up the trade-offs between taking profits, national security and economic resilience when making decisions on its equity oil and gas. ANWIC would only ever operate in a project as a non-operating equity partner and would not be empowered to take a controlling interest in any project. It is important to note that industry has the expertise that we want to leverage to manage taxpayer risk.

Example

A recent example of JV purchases is the Scarborough Project in WA. LNG Japan completed a purchase of a 10% JV in the project for US$910 million in March 2024, for the development costs starting from 1 January 2022. The Scarborough project will produce around 440 million GJ of LNG per year, with operating costs of AU$537 million each year.
At an assumed price of AU$10/GJ the 10% JV interest would return around AU$390 million each year. This is roughly in line with the 6 year payback period that Woodside estimated for the Scarborough Project.

A 30% JV in this project could make a revenue return of AU$40 billion over the life of the project, providing nearly 9% of Australia's total LNG consumption for a total investment of AU$21.5 billion.

4. Gas Tax Policy

4.1 Background

The current PRRT tax is designed for oil projects, where there are lower front-end costs compared to gas projects. PRRT functions as a profit calculation, and similar to income tax, any costs that are incurred in starting up the project are carried forward to be used against future revenue. However, unlike income tax, these losses are indexed each year by a fixed percentage plus the long-term bond rate (LTBR), currently 5% + LTBR (around 10% total). Due to the large startup costs of offshore gas projects, many projects experience runaway indexing (with prior year indexation compounding) meaning that their indexation amount can be greater than their PRRT profit and therefore will never pay PRRT. The PRRT is incredibly volatile as many inputs can result in a skewing of the calculation: blow out to capital costs, LTBR rate increasing, changes in product prices, etc.

It is noted that the 2024 changes to PRRT have effectively put the industry in a royalty paying position of 4% on all projects but maintains the overall complexity of the PRRT regime.

In short, PRRT does not provide stable, predictable revenues for the extraction of Australia's oil and gas. It relies on a great deal of professional judgement and has opened the door for ideological attacks against the industry on the basis that certain projects pay no PRRT.

4.2 Policy

For prospective offshore projects, One Nation would repeal the PRRT and introduce a royalty that taxes oil and gas at their wellhead value, similar to the current taxation regime on the North West Shelf (NWS) project. This would ensure that Australians receive a benefit for all oil and gas products extracted, regardless of whether it is exported or used in the domestic market.

One Nation would limit the uplift rate of any PRRT spend to a maximum of the LTBR, removing any additional, arbitrary uplift factor.

These changes will net higher, more reliable revenues for Australia and ensure that all oil and gas is taxed on new projects. It will also benefit the gas industry by removing the “no tax” on gas exports messaging that is applying social and political pressure on project operators and investors.

5. Policy Synergies

This policy would come into effect alongside reductions in red, green, blue and black tape on the exploration and development of oil and gas projects.

One Nation would drop all Net-Zero policy including removal of the Safeguard Mechanism. This would remove the need of corporations to waste millions on their emissions and reporting for Net-Zero that could otherwise be used for more development and Australian wages.

One Nation would remove any race-based ownership or royalties associated with these projects.

Projects in Commonwealth waters should be under an approval process that is determined by the Commonwealth government, not state governments, to ensure that there are no undue delays in projects that are vital for the national interest. All project approval processes would be limited to 6 months.

The ability to direct oil and gas will eliminate the need for an inflexible reservation policy. As the Commonwealth would control their portion of the gas in a project, if more of the product is required in the country, the flexibility is available to supply.

Equity ownership in these resources must first be used to reach the 90-day fuel reserves recommendation, as set out by the International Energy Agency. Including the development of proven technologies, like gas to liquid fuel plants. All storage must be onshore and dispatchable to guard against future shocks.

Review and reform the current offshore regulator, NOPSEMA to ensure that it is fit for purpose. Offshore oil and gas requires its own dedicated regulator. It is inappropriate to have a regulator that also covers the offshore renewables sector. Review of retention leases to ensure that all commercially viable projects are being developed in line with the national interest.

6. International Examples

Equity ownership schemes, especially in the case of natural resources, are not a new concept. Norway has pioneered this approach and demonstrated how resilient and lucrative it is to be a partner in your own resources.

6.1 Norway

Norway takes direct equity stakes in its oil and gas resources through two main vehicles, which together capture a large share of production and have generated enormous long term value for the state.

- State's Direct Financial Interest (SDFI): This is the core mechanism for direct state ownership. When petroleum production licences are awarded, the state takes a participating interest (equity stake) in the field, pipelines, and facilities. The percentage varies by licence but collectively represents roughly one-third of Norway's oil and gas reserves. SDFI is managed (but not owned) by Petoro, a 100% state-owned company established in 2001. Petoro acts as a silent partner: it does not operate fields but receives its proportional share of profits, which flows directly as cash to the government.

- Equinor ASA: The state owns 67% of this listed international energy company (formerly Statoil). Equinor operates many fields and markets/sells SDFI production on the state's behalf. The state receives dividends like any shareholder.

SDFI alone delivered a record US$50 billion in net cash flow in 2022 and US$23 billion in 2024, with estimates of US$25 billion for 2025. These flows (plus taxes and Equinor dividends) have funded the Government Pension Fund Global (the "Oil Fund"), the world's largest sovereign wealth fund.
As of late 2025, its market value stood at approximately US$1.8–2.0 trillion, with over half the value coming from investment returns on oil/gas revenues.

In short, Norway's model gives the state both direct cash flows from resources and global investment returns, turning finite petroleum into a permanent endowment that finances public services without relying on taxes alone.

6.2 Papua New Guinea (PNG)

PNG exercises equity stakes in its natural resources through state-owned national holding companies. PNG law grants the state the right, but not the obligation, to acquire equity at “sunk cost” (par value, without paying a premium).

- Oil and Gas: Kumul Petroleum Holdings Limited (KPHL), a 100% state-owned company under Kumul Consolidated Holdings, holds and manages all state petroleum equity. The state’s standard entitlement is up to 22.5% participating interest in designated petroleum projects.

- Minerals: Kumul Minerals Holdings Ltd (KMHL), also 100% state-owned, holds the state’s mining equity. The standard option is up to 30% in mining projects (KMHL typically retains ~20%, with the balance allocated to landowners/provinces).

KPHL equity in PNG LNG has delivered cumulative proceeds of US$2.42 billion (as of early 2025) and regular dividends to the Treasury. The state is now directing 7% of PNG LNG revenue into a new sovereign wealth fund managed by KPHL, with 80% of the remainder supporting the national budget. Mining stakes also generate ongoing dividends and royalties. Overall, these equity holdings provide direct profit shares, jobs, and infrastructure benefits while supporting landowner/provincial allocations, though PNG’s model has historically been more focused on immediate budget support than long-term wealth accumulation like Norway’s Oil Fund.

7. Other Policies Considered

7.1 25% Gas Export Tax

One Nation rejects a 25% tax on gas export revenue as an attempt by the Greens and independents to introduce a punitive tax with the objective of destroying Australia’s gas industry. One Nation recognises the vital role that oil and gas play in both manufacturing and energy security in Australia. Our preferred policy would instead seek to expand the industry and Australia’s access to its valuable resources through incentivising exploration, streamlining regulatory processes and being an equity participant in projects.

The 25% gas export tax purports to incentivise the supply of gas to the domestic market. However, it fails to consider that the well supplied domestic gas market is only possible because of projects whose economic viability is reliant on the higher prices of the export markets. The introduction of this export tax would result in an unprofitable export market, reducing Australian gas production, resulting in lower domestic supplies and further energy risks. As a result of these export projects, the domestic gas market is highly resilient, as seen by the steady prices during the most recent energy shocks.

One Nation seeks to strike a fair balance of returns to the Australian people for their natural resources and incentives for private industry to invest in the projects that deliver those returns. The 25% gas export proposal is simply an attack on one of Australia’s most vital industries.

7.2 20% Domestic Gas Reserve

The proposed 20% domestic gas reserve policy is a blunt tool that will damage onshore development and reduce competition in the market. Joint Ventures are the preferable mechanism to ensure domestic supply and that Australians are compensated for their country's natural resources. A domestic reserve distorts markets and discourages the development of onshore resources that are subject to a state-based reserve policy as domestic market price is suppressed by the oversupply.

Additionally, oversupply limits Australia's ability to get the greatest value for its energy resources. There may be times when the gas price is low domestically, but high overseas, and Australia would benefit more from selling its resources overseas. The ACCC has also flagged these issues, concerned that the reservation would limit future investment and entrench the major exporters as the only viable extractors.

8. Conclusion

These changes are designed to work in concert to ensure that Australians receive the full value for their natural resources, while supporting the industry and investment in Australia. This will enable a long-term view of our resource management to ensure that they fund the future of Australia.

Ownership of natural resources by the Commonwealth will also secure our sovereign energy capabilities and allow the government to target critical industries with long-term supply contracts that may be a drag on investment currently.

One Nation
Oil and Gas Joint Venture and Tax Policy
Version 1.0 | July 2026