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3 February 2017

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

**Via email:** [PRRTReview@treasury.gov.au](mailto:PRRTReview@treasury.gov.au)

Dear Mr Callaghan

### **Federal Review into the Petroleum Resource Rent Tax (PRRT)**

Maranoa Regional Council welcomes the opportunity to lodge its interests in the Petroleum Resource Rent Tax (PRRT) Review.

The Maranoa community, which includes the township of Roma in south west Queensland, has a long history with oil and gas resource industries, both enjoying the benefits and managing the impacts. The Maranoa is a key hub for the oil and gas industry, with some of the major companies associated with exploration and production operating in the region.

In more recent times the Liquefied Natural Gas (LNG) projects, Santos (GLNG) and Origin Energy (APLNG), have completed their respective construction phases, which impacted the Maranoa on a scale that was not foreseen nor experienced in our history. Managing the impacts has tested the ability of Council and its resources severely, and while Council is excited to have a new dimension added to our local economy, the limited revenues from our rate payers is insufficient to adequately respond.

A significant mitigation factor and much needed boost for our regional community during that time has been the Queensland Government's "Royalties for the Regions" (R4R) program, recently renamed the "Building Our Regions" program, which distributes a share of State royalties from the extraction of resources.

Without the opportunity to bid for the additional funds from the R4R program, Council would have experienced limitations in being able to respond to the additional unavoidable demands and impacts placed on it by resource companies and contractors. Examples of impacts include sewerage and roads infrastructure, accommodation needs, transport (air) facilities, and waste management.

In your review of the policies underpinning the PRRT, Council urges you to consider using part of the anticipated growth in PRRT revenues for instigating a similar scheme that focuses on communities directly impacted by the resource industry in regional, rural and remote Australia.

In reviewing the policies of the PRRT, Council advocates that an essential feature of the investments in regional, rural and remote resource communities should consider the operational and capital costs for facilities and services that are impacted by the resource industries. Some facilities and services may never be “profitable”, but they are nevertheless significant to the well-being of a community. For example, quality signage for tourism requires regular renewal and is fundamental to great visitor experiences, but visitors do not pay fees for the signage.

To this extent, we advocate that you might investigate the possibilities of parts of the PRRT funding being set aside in specific “trusts” for resource impacted communities, with measured local control and sufficient allocations. This would allow for longer term support for the operational costs of some projects (including facilities and services) which do not generate significant revenue but do make substantial contributions to employment, liveability and community wellbeing.

To reduce the potential cyclical nature of PRRT revenue for regional investment, Council also asks you to consider a regionally-oriented “Future Fund”, which would allow for recurrent ongoing program funding to resource communities, based on fund earnings. This would enable resource communities to plan ahead, knowing the funding will flow annually to approved projects addressing local impacts of the resource industry.

As an example, Council has developed a 10 year strategy to address the supply of potable water to meet the growth expectations of the community. Security of funding will allow regional communities to plan ahead and spread development over longer periods of time, which will result in job security for existing employees and the potential to create more long term jobs within the regions.

Funding such as the (project based) competitive bidding system is more of a short term economic stimulus that can add to the “boom bust” cycle. Although these programs are welcomed by regional communities, a longer term steady growth strategy would deliver more benefits. A federal program could be delivered in two parts. First the guaranteed funding directly back to the communities that produce the wealth, with no strings attached (similar to the “Works for Queensland” funding), and the second part could be for major projects, for example, tourism, facilities, or dam construction, as a competitive bid type arrangement.

The expected growth in the revenues from the PRRT and other Commonwealth excises and taxes on the resource projects provide an opportunity to establish sustainable funding, validly focussed on communities directly impacted by resource industry activity in regional, rural and remote Australia.

The obvious benefits that would flow would continue to assist in efforts in building and maintaining a more positive relationship between the resource industries and the wider community.

Maranoa Regional Council is pleased that invitations have been given to make submissions to your review of the PRRT and we look forward to the outcomes.

If you have any queries regarding Council's submission, please do not hesitate to contact Edward Sims, Manager – Economic and Community Development, on 07 4624 6118 or via email [Edward.Sims@maranoa.qld.gov.au](mailto:Edward.Sims@maranoa.qld.gov.au).

Yours sincerely



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