Comparison of Fiscal Terms

Country	Terms	Marginal Company Revenue after all government take, %
PNG	New 2003+	69
Australia	Federal with PRRT	42
Philippines	Standard	40
Indonesia	Frontier – gas	40
Indonesia	Frontier – oil	35
Indonesia	Standard – gas	35
Timor-Leste	Standard (with SPT)	27
Indonesia	Standard – oil	15

Fig. 1.

PNG	New	2% royalty	30% corporate tax
Australia	Federal	40% PRRT	30% corporate tax
Philippines	Standard	40% service fee (equivalent to 60% government share)	
Indonesia	Frontier – gas	71.4% profit gas	44% corporate tax
Indonesia	Frontier – oil	62.5% profit oil	44% corporate tax
Indonesia	Standard – gas	62.5% profit gas	44% corporate tax
Timor-Leste	Standard	5% royalty 22.5% SPT	60% profit oil/gas
Indonesia	Standard – oil	26.8% profit oil	44% corporate tax

Fig. 2. (Note: PRRT – Petroleum Resource Rent Tax, Australia, SPT – Supplemental Petroleum Tax, Timor-Leste)

The new fiscal terms for oil and gas production in Papua New Guinea (post 1 January 2003) have been compared with those for the neighbouring countries of Australia, Indonesia, Philippines and Timor-Leste.

The comparison has been made by looking at the marginal company revenue from production after government take. The marginal company revenue is calculated by taking the division of an additional unit of revenue between the company and the government once a project has paid back and is subject to the full extent of the fiscal regime measures. The additional revenue is assumed to be received under the assumption that no additional costs are generated. The comparison of the fiscal terms is shown in Figure 1.

The comparison shows that the new PNG terms are the most advantageous and favourable to company operations with a company take of 69%. Most of the fiscal regimes show a marginal company take of around 35 – 40%, with the Indonesia standard oil terms exhibiting a company take of only 15%.

The details of the fiscal terms for each of the fiscal regimes assumed are listed in Figure 2.

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