1. In the 2019-20 State Budget the Government announced a review of Queensland’s petroleum royalty regime. The objectives of the review were to ensure greater certainty, equity and simplicity, and identify opportunities to simplify the current petroleum royalty regime, while providing an appropriate return to Queenslanders from their valuable non-renewable resources.
2. The review, independently chaired by the Honourable Jay Weatherill, was undertaken by a working group comprising industry representative bodies and the Office of State Revenue. Following broad consultation and consideration of alternative models, the review concluded the current petroleum royalty regime is not suitable for the existing configuration of the Queensland gas industry.
3. The review therefore recommended the current wellhead value model be discontinued and petroleum royalty instead be determined based on the volume of petroleum produced. The review also recommended the new petroleum royalty regime settings not be changed for five years.
4. Industry sought the royalty rate be set by reference to a petroleum producer’s sales revenue during a royalty return period.
5. Cabinet approved preparation of legislation to support implementation of the volume model for imposing petroleum royalty from 1 October 2020.
6. Cabinet approved the volume model settings not be changed for five years from the date of commencement.
7. *Attachments*:
* Nil.