



Gas Rent Survey

**3rd WOC 1 Meeting
Kota Kinabalu
4-7 September 2013**

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Study Group 1.3

Gas Rent Survey

- ❖ *Introduction*
- ❖ *Method*
- ❖ *Results*
- ❖ *Conclusions*

Introduction

Objectives

- ***Verify the awareness and interests of IGU members concerning the purposes and the scope of activities of SG 1.3***
- ***Provide guidance for current and future work***
- ***Inspire theses to be defended by WOC 1 in its triennial report and WGC sessions***
- ***Largest possible participation***

Method

❖ *To raise representativeness:*

- *Small number of questions*
- *Simplest possible instrument*

❖ *IGU charter and associate member authorities*

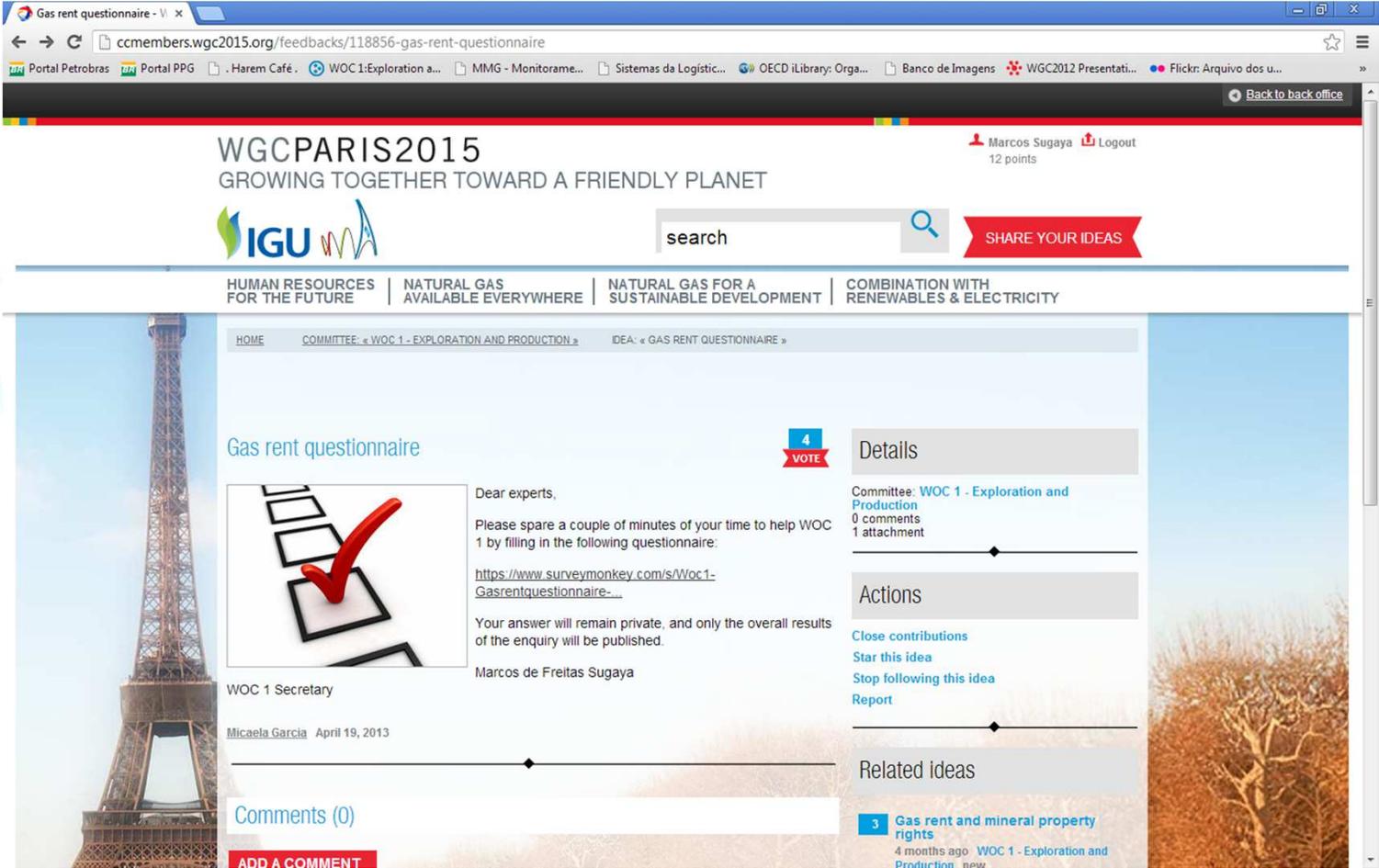
- *Direct mail*

❖ *Coordination committee members*

- *“Growing Together” website at <http://ccmembers.wgc2015.org>*

❖ *Answers to remain private*

Method



The screenshot shows a web browser window with the address bar displaying `ccmembers.wgc2015.org/feedbacks/118856-gas-rent-questionnaire`. The browser's address bar also shows several open tabs, including 'Portal Petrobras', 'Portal PPG', 'Harem Café', 'WOC1:Exploration a...', 'MMG - Monitorame...', 'Sistemas da Logistic...', 'OECD iLibrary: Orga...', 'Banco de Imagens', 'WGC2012 Presentati...', and 'Flickr: Arquivo dos u...'. The browser's address bar also shows a 'Back to back office' button.

The website header features the text 'WGCPARIS2015 GROWING TOGETHER TOWARD A FRIENDLY PLANET' and the IGU logo. A search bar and a 'SHARE YOUR IDEAS' button are also present. The user 'Marcos Sugaya' is logged in with 12 points.

The main content area is titled 'Gas rent questionnaire' and includes a '4 VOTE' badge. The text reads: 'Dear experts, Please spare a couple of minutes of your time to help WOC 1 by filling in the following questionnaire: <https://www.surveymonkey.com/s/Woc1-Gasrentquestionnaire-...> Your answer will remain private, and only the overall results of the enquiry will be published.' The author is identified as 'Marcos de Freitas Sugaya', WOC 1 Secretary, with a post date of 'April 19, 2013'.

The page also features a 'Comments (0)' section with an 'ADD A COMMENT' button. A 'Details' section shows the committee as 'WOC 1 - Exploration and Production' with 0 comments and 1 attachment. An 'Actions' section includes links for 'Close contributions', 'Star this idea', 'Stop following this idea', and 'Report'. A 'Related ideas' section lists a related idea titled 'Gas rent and mineral property rights' with 3 votes, posted 4 months ago.

Method

Questionnaire

	Question	Strongly disagree	Partially disagree	Neutral / Non-appl.	Partially agree	Strongly agree
1	In my country the fiscal system for the production of oil and gas is modern and effective					
2	A different fiscal system should be developed specifically for gas					
3	Associated and non associated gas should have a different set of fiscal instruments					
4	Foreign investment is important for the production of gas in my country					
5	The current fiscal system that we have is efficient to attract investments to the upstream segment of the gas industry					
6	Production sharing contracts tend to replace concessions and service contracts in the future					
7	Royalties constitute an old fashioned fiscal instrument, whose use tend to disappear in the long term					
8	In my country bidding processes take place regularly					
9	In my country direct negotiations with government authorities are possible					

Method

❖ Data treatment

- Rating system

Answer	Grade
Strongly disagree	0
Partially disagree	1
Neutral / Non-appl.	2
Partially agree	3
Strongly agree	4

Method

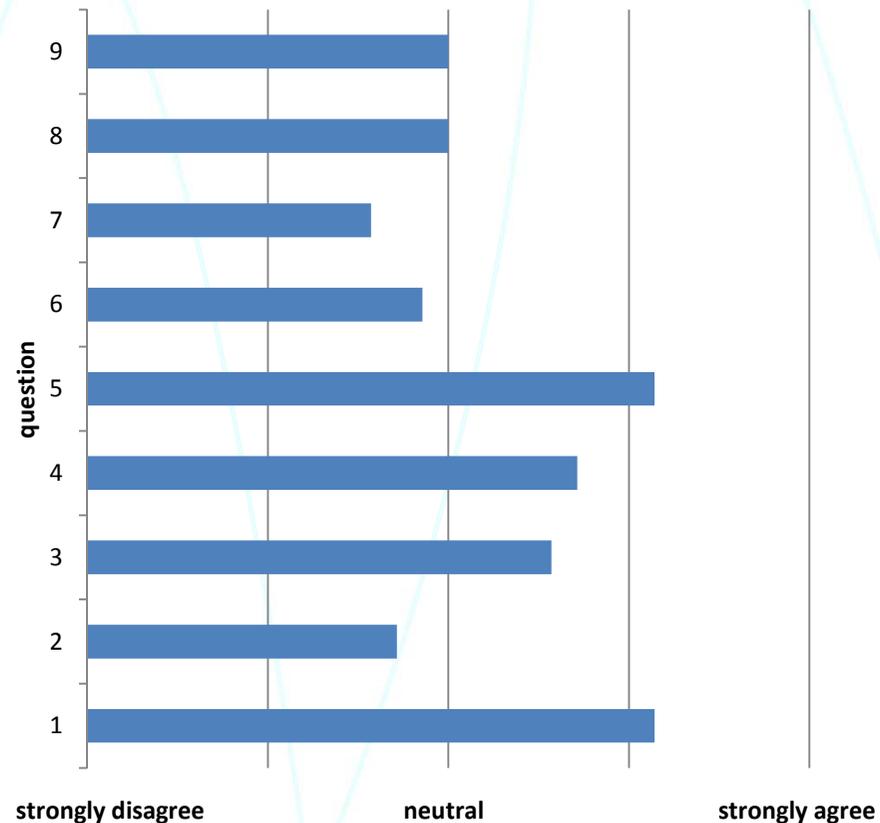
❖ Unbiased results are impossible

- The organisers of the enquiry are essentially business entrepreneurs, not survey specialists
- Respondents may have different interests (e.g. gas producers vs. gas buyers)
- The formulation of questions and the interpretation of answers is influenced by the history, background and standing point of the analysts
- A similar phenomenon occurs with the interpretation of questions by the respondents

Results

Charter and Associate members

9. In my country direct negotiations with government authorities are possible
8. In my country bidding processes take place regularly
7. Royalties constitute an old fashioned fiscal instrument, whose use tend to disappear in the long term
6. Production sharing contracts tend to replace concessions and service contracts in the future
5. The current fiscal system that we have is efficient to attract investments to the upstream segment of the gas industry
4. Foreign investment is important for the production of gas in my country
3. Associated and non associated gas should have a different set of fiscal instruments
2. A different fiscal system should be developed specifically for gas
1. In my country the fiscal system for the production of oil and gas is modern and effective

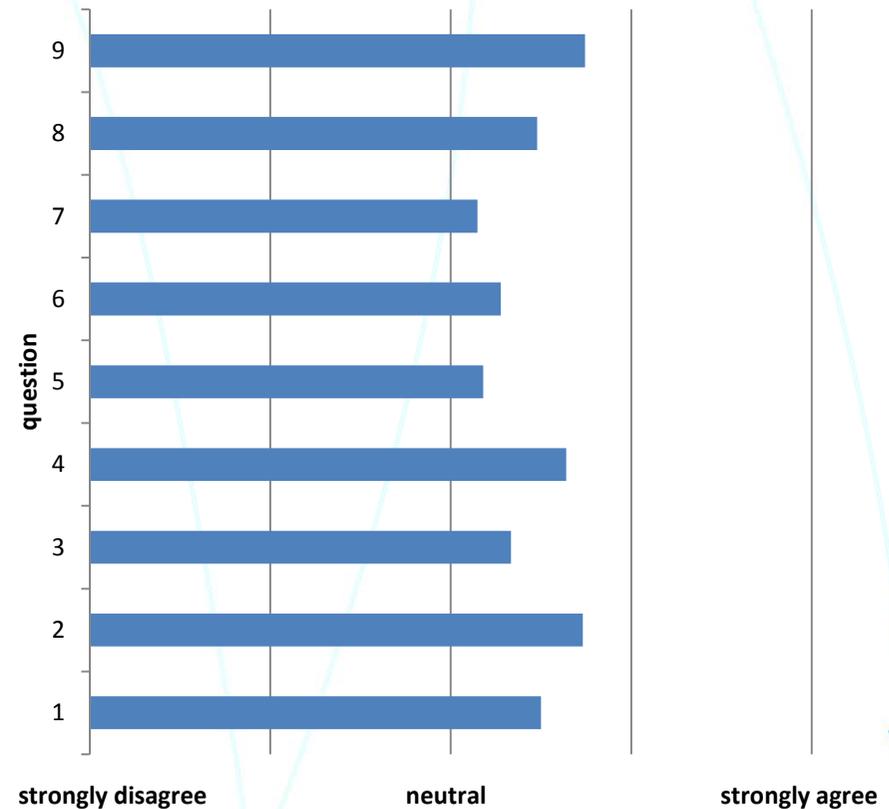


For charter and associate members

- *Current fiscal systems are considered to be*
 - *modern and effective*
 - *attractive enough for upstream investment*
- *Foreign investment is thought to be relatively (but not that) important*
- *For purposes of upstream taxation, the differentiation between associated and non associated gas is rejected by the majority, and so is the development of specific systems for gas*
- *Royalties are expected to last as a fiscal instrument for gas*
- *The majority does not perceive production sharing contracts as a tendency in lieu of concession and service contracts*
- *Small number of answers impede the results to be read as representative of the IGU, but they are useful to direct SG 1.3 activities*

Coordination Committee members

- 9. In my country direct negotiations with government authorities are possible
- 8. In my country bidding processes take place regularly
- 7. Royalties constitute an old fashioned fiscal instrument, whose use tends to disappear in the long term
- 6. Production sharing contracts tend to replace concessions and service contracts in the future
- 5. The current fiscal system that we have is efficient to attract investments to the upstream segment of the gas industry
- 4. Foreign investment is important for the production of gas in my country
- 3. Associated and non associated gas should have a different set of fiscal instruments
- 2. A different fiscal system should be developed specifically for gas
- 1. In my country the fiscal system for the production of oil and gas is modern and effective



Results

For members of the Coordination Committee

- ***A predominant tendency of agreement was observed for all questions, but averages were tepid***
- ***Current fiscal systems are considered to be modern and effective***
- ***Foreign investment is thought to be only relatively important***
- ***Royalties are not generally perceived as an old fashioned and decadent instrument***
- ***CC members mildly defended the existence of specific systems for the upstream taxation of natural gas***
- ***Responsiveness was much higher, but relatively low when compared with the total number of members in the Coordination Committee***

Conclusions

- ❖ ***Small number of answers forbid the results to be read as representative of the IGU, but they are useful to guide SG 1.3 activities***
- ❖ ***In the average, respondents seem to agree that the current fiscal systems are fairly good, so changes are not welcome unless clearly beneficial***
- ❖ ***When examining the fiscal systems adopted by countries, SG 1.3 members must highlight the good examples (practices) they find***
- ❖ ***SG 1.3 Report and WGC session must call attention to the importance of the theme, possibly investigating***
 - ***how gas rents should be explored to promote social development***
 - ***the reproduction of the unconventional gas revolution in other parts of the world***
 - ***because gas is not oil, its taxation should also be different (e.g. uplifted depreciations and progressive taxation in lieu of royalties)***

Thank you!