



Friday, 30 March, 2012

## Damaging tax speculation needs to end

The Australian Petroleum Production & Exploration Association (APPEA) is calling on the Government to put an immediate end to the current speculation surrounding possible changes to the business taxation system.

APPEA Chief Executive David Byers said: "The current media reporting of changes being considered in the context of the upcoming Budget and the longer term tax reform process is causing concern to companies that need to make significant exploration and development decisions in the oil and gas industry. The industry is, in just the next few years, committing more than \$180 billion dollars in capital investment to develop the nation's gas resources.

"The current speculation is creating investor uncertainty. The impact is greatest on projects under consideration, but not yet sanctioned, together with future exploration decisions.

"Unfortunately, Australia is developing a damaging propensity for continually fiddling with the fiscal regime on which long-term investment decisions are founded. The Government should not underestimate the depth of concern in the oil and gas industry on this issue."

Over the past three years we have seen:

- resource taxation changes, including the extension of PRRT and condensate excise;
- the introduction of a price on carbon;
- changes to the fuel tax regime; and
- the imposition of additional costs as a result of general changes to the income tax regime.

Mr Byers said: "This sends very damaging signals to local and overseas investment markets about Australia's fiscal stability and reputation as an investment destination.

"While the industry understands the budgetary challenges that currently confront the Government, it is important to recognise that future investment remains the fundamental building block that will support the growth of the Australian economy. The significant undermining of global investor confidence is clearly no long term solution to this challenge.

"We want to avoid the "massive pipeline" of resources sector investment, to which the Treasurer yesterday referred, becoming a garden hose.

"The industry has worked closely with the Government over the past 12 months in relation to implementing the details of the decision to extend the petroleum resource rent tax regime to onshore Australia. The mature process that has underpinned that decision seems to have been lost in the current round of speculation.

The Australian Petroleum Production & Exploration Association represents the upstream oil and gas industry in Australia. APPEA member companies produce around 98 per cent of Australia's oil and gas.

“Perhaps more importantly, the ability of the taxation system to strike the right balance between ensuring the community obtains a fair return for the development of its resources and investors’ need for a certain and predictable fiscal system, is under threat.

“APPEA calls on the Government to engage in meaningful discussions with industry to assess the importance of the current fiscal settings to ensure continued investment in an industry that is clearly important to Australia’s future economic wellbeing.”

**Media Contact: Michael Bradley – 0423 550 347 [MBradley@appea.com.au](mailto:MBradley@appea.com.au)**

---

The Australian Petroleum Production & Exploration Association represents the upstream oil and gas industry in Australia. APPEA member companies produce around 98 per cent of Australia’s oil and gas.