



# MEDIA RELEASE

**CANBERRA** T +61 2 6247 0960  
Level 10, 60 Marcus Clarke St  
Canberra ACT 2600

**BRISBANE** T +61 7 3231 0500  
Suite 7, Level 3, 320 Adelaide St  
Brisbane QLD 4000

**PERTH** T +61 8 9321 9775  
Level 1, 190 St Georges Tce  
Perth WA 6000

**SYDNEY** T +61 2 8241 1900  
Level 8, The Christie Centre  
3 Spring St, Sydney NSW 2000

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## **Government needs to hear from industry on possible tax changes**

The Government's Business Tax Working Group has delivered a Discussion Paper that confirms unease regarding the Group's membership and understanding of investment drivers was well-founded.

Australian Petroleum Production & Exploration Association (APPEA) Chief Executive, David Byers, said: "The oil and gas industry does not oppose genuine tax reform. In fact, the industry has spent the past two years working constructively with the Government on the extension of the Petroleum Resource Rent Tax onshore.

"However, we hold significant reservations about a process which appears to be a simple accounting exercise designed to construct a modest economy-wide business tax cut that is to be funded largely by one of the very industries delivering Australia's growth and investment.

"The industry welcomes the acknowledgement of the need for consultation – regarding both the impact of canvassed changes on investment decisions and potential revenue uncertainties – as the Group has drawn incorrect conclusions on these matters in its Discussion Paper.

"The apparent failure within the paper to understand that international competitiveness is wider than just the underlying tax rate and that Australia is competing with non-OECD countries in seeking to attract investment funds for energy projects remains of great concern.

"The oil and gas industry has not yet been approached for input and its direct offers to participate in the process have been rejected.

"The oil and gas sector is currently investing around \$175 billion in new export projects and Australia is today hosting the largest resources boom in history. Yet continued growth should not be taken for granted. Australia already has one of the least competitive tax and depreciation regimes in the world and many other jurisdictions have oil and gas resources that may be developed at lower cost.

"The petroleum industry is global and capital is foot-loose – an inappropriate resources policy framework and unreasonable tax treatment will see investors vote with their feet."

**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.