



MEDIA RELEASE

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

BRISBANE T +61 7 3231 0500
Level 36, 32 Turbot 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

Friday, 30 November 2012

Policy inaction threatens gas industry investment, national prosperity

A report released last night by the Australian Petroleum Production and Exploration Association (APPEA) shows that policy reform is needed if Australia is to get the most of out its oil and gas resources and maximise its prosperity.

State of the industry 2012 shows that the \$200 billion currently being invested in Australian oil and gas projects will generate large economic and tax revenue benefits for the nation for decades to come. A substantial pipeline of future projects and expansions being considered for development could extend and increase these benefits.

APPEA Chief Executive David Byers said: "To attract this further investment Australia must maintain its international competitiveness.

"Australia's high-cost environment and the emergence of new LNG competitors in North America, East Africa and elsewhere will make it much harder to win market share and attract investment than has been the case over recent years."

The report highlights the need for major policy reform in five critical areas:

- Taxation settings must provide long-term stability and address impediments to competitiveness and distortions to investment.
- Energy market reform must allow the full operation of market forces, remove distortions and resist the introduction of counterproductive interventions such as domestic gas reservation policies.
- Red and green tape must be reduced, approvals processes streamlined and duplicative and overlapping regulatory practices eliminated.
- Labour productivity must be improved and labour flexibility and mobility increased.
- Fiscal and licensing terms for high-cost, high-risk exploration must be improved to attract exploration to the 70 per cent of Australia's prospective basins that remain unexplored.

Mr Byers said: "To maintain competitiveness and secure future investment, it is critical that the industry and government work together to address these challenges.

"A wide-ranging reform agenda must be developed and implemented if the wealth generation potential of Australia's oil and gas resources is to be fully realised."

To download *State of the industry 2012* [click here](#) or go to www.appea.com.au

Media Contact: Michael Bradley – 0423 550 347 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.