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Inquiry into GST distribution – APPEA submission

The Australian Petroleum Production & Exploration Association (APPEA) is urging that the way GST revenues are shared is changed in order to incentivise states and territories to develop their own natural gas.

The Productivity Commission is currently investigating the principle of horizontal fiscal equalisation, which underpins the distribution of GST revenue to state and territory governments.

APPEA Director Matthew Doman said the current system disadvantaged jurisdictions that developed their resources while rewarding those that did not.

“As it stands, the system offers perverse incentives to prohibit gas development without any scientific basis because the loss of revenue is shielded by increased shares of GST revenue,” Mr Doman said.

“Not only is this hampering economic development, it is placing even more pressure on those jurisdictions that chose not to impose restrictions.

“APPEA recommends that all petroleum royalties, including from onshore and offshore areas and conventional as well as unconventional sources, be excluded from the calculation of state and territory revenues for GST distribution purposes.

“Such a change would create a stronger incentive for states and territories to develop their own gas resources and, at the same time, discourage the imposition of non-evidence based restrictions and moratoriums.

“It would encourage greater use of our natural resource base and would improve energy security and enhance productivity in Australia. Importantly, it would also help stimulate economic activity in regional areas.”

APPEA’s submission to the Productivity Commission’s inquiry into horizontal fiscal equalisation can be found [at this link](#).

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