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Oil and gas industry financial performance reflects challenging operating environment

Oil and gas industry financial survey results – released today by the Australian Petroleum Production & Exploration Association (APPEA) – highlight the challenging operating conditions confronting the industry in Australia.

The survey is the 29th in the series compiled by APPEA. It provides a unique snapshot of the financial performance of the industry.

Reflecting the significant fall in commodity prices that began in late 2014, together with the peak in spending associated with new gas projects, the industry recorded a net operating loss of \$4.5 billion for the year 2015-16 (compared with a loss of \$0.6 billion in 2014-15). This was based on oil and gas operating revenue of \$23.7 billion, a fall of more than 20 per cent compared with revenue of \$30 billion in 2014-15.

Despite the significant deterioration in the industry's overall profit and loss position, total tax payments remained strong – estimated at \$4.3 billion for 2015-16 (compared with \$5.2 billion in 2014-15). The industry's overall return on assets was estimated at -1.3 per cent, based on a total asset value of \$345 billion.

APPEA Chief Executive Dr Malcolm Roberts said these results are a timely reminder about the challenges facing a highly capital-intensive industry dependent on commodity prices.

“Comparing the years 2014-15 and 2015-16, the industry saw the average price it received for the sale of oil and gas fall from \$A69.10 to \$A48.63 on a barrel of oil equivalent basis,” he said.

“The fall in realised prices, coupled with a reduction in Australian oil and condensate production, creates a challenging framework for the industry.

“Exploration remains at historically low levels, and the return on invested funds is a critical source of new investment capital. Yet tax payments have remained high – dispelling the myth that the industry is not paying its way.”

A copy of the survey results can be [found here](#).

For a chart highlighting some selected results from the survey, see the following page.

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Oil and Gas Industry: Profitability, Taxes Paid and Average Realised Prices (2001-02 to 2015-16)

