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New methodology for Queensland royalties

The oil and gas industry acknowledges that today's announcement by the Queensland Government of a new approach to calculating royalties on oil and gas production will help provide certainty that should help ongoing investment in the state.

APPEA Chief Executive Andrew McConville said clarity on the Government's policy position was important as industry considered its next round of investment in developing the state's substantial natural gas resources. Importantly the Government has committed to lock in royalty rates for five years.

"The decision helps to provide a level of certainty to the industry which stands ready to contribute strongly to Queensland's recovery from the sharp economic downturn wrought by the COVID-19 pandemic," Mr McConville said.

"Now is not the time for continued confusion or ongoing debate about the economic framework for investing in Queensland.

"Predictable regulation is the foundation for investment in the new gas supplies which are urgently needed in the east coast gas market. Today's announcement providing clarity on the royalty regime moving forward is a step towards helping the development of future gas supplies."

Mr McConville said the industry looked forward to working collaboratively with the Government in implementation of the changes.

Gas projects operate for decades and require significant upfront investment. Investment capital is highly mobile in today's world and there are many alternatives to Queensland and Australia.

Mr McConville said investors in the next wave of gas exploration and production need to be confident that royalties and other regulation will remain stable, transparent and predictable.

In continuing to develop the state's natural resources for the benefits of all Queenslanders, the gas industry has contributed around \$55 billion to state's economy over the last seven years.

APPEA looks forward to working with the government to ensure the policy settings are in place to ensure a vibrant gas industry continues to produce jobs, earn significant export income for the country and supply essential, competitively priced feedstock to Australian manufacturers.

Media contact: Brad Watts – 0447 793 444 – bwatts@appea.com.au