

HOW THE FEDERAL BUDGET CAN DELIVER ECONOMIC RECOVERY AND CLEANER, SECURE ENERGY

Australia's oil and gas industry has urged the Federal Government to use the 2022-23 Budget to encourage continued investment in secure, cleaner energy.

In a plan to bolster the investment environment, the Australian Petroleum Production & Exploration Association (APPEA) said development of both the natural gas industry and new technology could drive economic recovery, create jobs and reduce emissions.

APPEA's 2022-23 Federal Budget submission, released today, calls for economy-wide investment allowances for large projects and new technology initiatives cutting carbon emissions; the immediate deductibility of wages and salaries; as well as the removal of barriers to oil and gas project restructuring.

The blueprint also includes expanding the Junior Minerals Exploration Incentive (JMEI) for junior oil and gas explorers to secure additional local supply for the future.

New net zero initiatives include amending the Offshore Petroleum and Greenhouse Gas Storage Act 2006 to allow for reservoir testing for the examination of CCUS use as well as supporting carbon capture opportunities through acreage releases.

APPEA Chief Executive Officer Andrew McConville said the industry was key to securing Australia's competitive advantage through its work ensuring energy supply and decarbonising for a cleaner energy future.

"This is a plan that delivers cleaner, secure energy supplies while lifting us out of the tough times of the pandemic," he said.

"Australia and its government have a massive, once-in-a-generation opportunity to make policy decisions to provide foundations for the future growth of our economy.

"A recent Ernst & Young report found national economic output could rise over \$350 billion and create over 220,000 jobs in the next 20 years – but only if the settings are right.

"And, of course, our industry will continue to deliver taxation revenue that helps to build the nation's roads, schools and hospitals."

The full suite of APPEA recommendations to be considered for the Federal Budget include:

Investment Environment

- Introduce broad based investment allowances that apply to large-scale capital-intensive projects.
- Make all salary and wages immediately deductible.
- Remove barriers to project restructuring.
- Close out the PRRT gas transfer pricing review.

Technology and emissions reduction

- Introduce investment allowances specific to new energy activities and projects.
- Amend the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS Act) to allow for reservoir testing to occur for the examination of CCUS use.
- Support carbon capture and storage (greenhouse gas storage) opportunities through acreage releases.

Energy Security and Supply

- Unlock increased supply by ensuring taxation laws reflect modern commercial practices.
- Incentivise exploration for natural gas and emissions reduction opportunities.
- Support exploration for natural gas and emissions reduction opportunities through acreage releases.

Environment

- Improve decommissioning outcomes by making the loss-carry back mechanism permanent and accessible by all corporate tax entities.
- Remove inefficiencies and duplication from the *Environmental Protection and Biodiversity Act 1999* (EPBC Act).
- Transition to bilateral agreements between the Commonwealth and states/territories.

Mr McConville said the industry was a partner for economic recovery and decarbonisation as Australia emerges from the pandemic with a focus to achieve net zero by 2050.

“For change to come, government must recognise the need for change and have the courage to make change with a clear vision of ensuring a globally competitive oil and gas industry with the right tax policies, investment incentives and efficient environmental regulation,” he said.

“We must reduce regulatory duplication and overlap, support sensible investment allowances, promote the creation of new job opportunities and underpin the investment in and adoption of new technology.

“To do otherwise would be irresponsible and risk depriving future generations of Australians the wonderful opportunity that our resources sector presents.”

Attachment: APPEA Federal Budget 2022-23 Submission.

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