

**9 February 2024**

Committee Secretary  
Senate Standing Committees on Economics  
Department of the Senate  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600  
AUSTRALIA

[economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Committee Secretary,

**RE: Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023 [Provisions]**

Australian Energy Producers welcomes the opportunity to provide a submission in relation to Inquiry on the *Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023 [Provisions]*. We provide our comments in relation to Chapter 5 of the Bill, Petroleum Resource Rent Tax (PRRT) deductions cap.

The exposure draft legislation for the PRRT deductions cap was released for consultation on 21 August 2023. This is the culmination of three years of extensive consultation and information sharing by the industry. The industry has worked constructively with government to seek certainty on the government's response to the Gas Transfer Pricing Review and other recommendations from the 2017 Callaghan Review into the PRRT. Our approach was to ensure the Government had a thorough and balanced comprehension of the proposed changes to the PRRT. The changes affect substantial investments already made but largely respect the core concepts of the PRRT as a tax on economic rent.

In this context, Australian Energy Producers broadly acknowledges the need to get the balance right in the reforms of the PRRT while ensuring a strong gas sector that supports the Australian economy. We note that in the final report to the Treasurer on the Review of the Gas Transfer Pricing Arrangements, Treasury indicated that a deductions cap set at 90 per cent of total PRRT assessable income receipts is appropriate<sup>1</sup>. It is important that the amendments are passed through the Parliament, without further adverse changes, to provide industry the

---

<sup>1</sup> Australian Government, The Treasury May 2023, Petroleum Resource Rent Tax: Review of Gas Transfer Pricing Arrangements

certainty it requires to undertake future investments in developing the new gas supplies needed for the Australian economy and our regional trading partners.

The Australian oil and gas industry has invested well over \$400 billion in the Australian economy over recent decades, undertaking exploration and developing natural gas production, transport, liquefaction and export facilities<sup>2</sup>. This investment will deliver returns for Australia for decades to come, through increased gas supply for Australian customers, export revenue, jobs, and in payments to governments in royalties and taxes – nearly \$65 billion in payments have been made to Australian governments over the last decade<sup>3</sup>.

As a capital importing country, much of this investment has been funded by foreign investors. Australia's reputation of political and regulatory stability has been essential in motivating this investment. It is critically important the policy settings and legislative frameworks are designed to attract and retain investment in Australia.

A stable and consistent fiscal and regulatory environment is critical to ensure investors have confidence in making investment in long-lived, capital-intensive projects. The transition to a net-zero emissions economy by 2050 will require investment in new gas supplies to provide the essential energy security required to support renewable energy technologies as they are increasingly integrated into the energy supply chain<sup>4</sup>. New investment in gas supplies in Australia is also needed to assist regional trading partners meeting their decarbonisation targets. Without these investments, the transition to a net-zero economy will be slower and more costly<sup>5</sup>.

A stable and consistent fiscal and regulatory environment will also ensure Australia maintains its reputation as a destination of choice for foreign investment. This is important not only for the development of new gas supplies. It is also essential as we look to investment in renewable energy and low emission technologies.

For completeness we note the Government's announced changes to PRRT also foreshadowed a remaking of the *Petroleum Resource Rent Tax Assessment Regulation 2015*. Australian Energy Producers will be providing a separate submission to the Treasury. In this regard, it is important to our members that the regulation is remade in accordance with the intent of the Government's response in 2023. This remaking of the regulation along with the recommendations of the Callaghan Report needs to be seen as complementing the PRRT amendments.

Australian Energy Producers urge the Parliament to pass the amendments to the PRRT, without further adverse changes, to provide greater certainty for the oil and gas industry and facilitate the necessary investment to deliver a net-zero economy by 2050. The administrative

---

<sup>2</sup> Wood Mackenzie, 2020, The Australian Oil and Gas Industry Outlook Report

<sup>3</sup> APPEA media release December 2021, Oil and Gas Industry Helps Bankroll Public Services Despite Pandemic Challenge

<sup>4</sup> EY, The future role for natural gas in Australia and the Region, 2023

<sup>5</sup> Ibid



simplifications recommended by the Callaghan Report should receive legislative priority in line with the Government's commitment in 2023.

If you require further information or would like to discuss the comments above, please do not hesitate to contact Wayne Calder on 0424 852 384 or [wcalder@energyproducers.au](mailto:wcalder@energyproducers.au)

Yours sincerely

|  
A handwritten signature in black ink that reads "S McCulloch".

**Samantha McCulloch**

Chief Executive