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## New oil and gas investment needs policy stability

Australia's upstream oil and gas industry needs long-term regulatory stability to create attractive investment opportunities for the sector and maintain industry's strong economic contribution, according to new research commissioned by APPEA.

A report, undertaken by energy research and consultancy Wood Mackenzie, highlighted the industry's success from 2009 to 2012 was predicated on relatively few regulatory and fiscal changes in the previous decade, which provided a strong foundation for a wave of unprecedented investment.

The scale of this investment, including the establishment of our country's LNG projects, worth approximately \$350 billion, has delivered direct and indirect economic benefits to the Australian economy, the *Australia Oil & Gas Industry Outlook Report* found.

In the immediate term, the benefit has come from direct spending into local communities while the full taxation benefits to be accrued in the latter half of this decade.

Wood Mackenzie Vice President Energy Consulting, Asia Pacific Chris Graham said: "Our analysis found the stability of the regulatory and fiscal environment in the years prior to investment was key to oil and gas majors with strong balance sheets and development capability making long-term commitments to the country.

"However, against the backdrop of a challenging macroeconomic environment and lower commodity prices, Australian fiscal and regulatory volatility has increased at a time when continued stability would be highly beneficial."

While focused on the oil and gas industry, the findings also show regulatory instability, intervention and uncertainty, coupled with Australia being considered to be a high-cost destination for business, has reduced the investment appetite, may also be relevant for many other industries.

As Australia shifts from the current COVID-19 pandemic and its immediate economic impacts, a stable regulatory and fiscal environment is crucial for recovery.

APPEA Chief Executive Andrew McConville said: "For decades, our industry has contributed to our national economic growth, and we are delivering around two per cent of Australia's GDP.

"Australia has an opportunity to secure the next wave of investment which has the potential to deliver upwards of \$50 billion in capital expenditure, and secure up to 6,300 jobs across the life of a project and an estimated \$80 billion in taxation receipts.

"We are the world's leading LNG exporter – an industry worth \$350 billion – however, there have been no LNG sanctions since 2012 and we risk losing investments.

"While the report was completed prior to understanding the full impacts of COVID-19, and the decline of the oil price at its lowest levels in 20 years, it remains relevant as Australia shifts focus to economic recovery and global reintegration.



Mr McConville said the report showed the volatile investment environment we operate in now is putting more than the resources industry at risk.

“A lack of investment will have economic flow-on effects to communities and businesses we work with, making it counter-productive to the economic recovery phase that this country will need to embark on,” Mr McConville said.

A copy of the [report can be found here](#)

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