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## **MEDIA RELEASE: Federal Budget – Some ticks but new Levy a blow to Australian jobs**

Australia's peak advocacy body for the oil and gas industry said tonight's budget was a mixed bag with a number of good measures, but a new levy for industry will impact investment confidence and jobs.

APPEA Chief Executive Andrew McConville said support for gas-related strategic basins is a big tick, as is the announcement for new hydrogen and carbon storage initiatives to help lower emissions.

"Increased funding for gas infrastructure of \$173.6 million in the Northern Territory on top of the \$58.6m will mean more supply for the domestic market and that will help keep prices competitive," Mr McConville said.

"Natural gas is a pathway to a large-scale hydrogen industry and our members are already at the forefront of hydrogen development and carbon capture and storage solutions and the announcement of \$1.2 billion over 10 years in a technology co-investment facility will help accelerate development.

"Our industry works both in Australia and around the world to accelerate the development of low emissions technologies. Natural gas plays a vital role in reducing Australia's and Asia's emissions."

Mr McConville said the industry was disappointed that measures outlined in APPEA's pre-budget submission, such as making wage costs immediately tax deductible for capital-intensive industries, were not represented.

"We will continue to work with the government to get the fiscal settings right and the extension of the temporary full expensing and temporary loss carry back measures are a good first step."

A [recent EY report](#), commissioned by APPEA, showed under the right investment settings, the oil and gas sector could provide a \$350 billion boost to the economy and more than 220,000 jobs over the next two decades.

### **New Levy a blow to Australian jobs**

Mr McConville said for all the good contained in the budget there was a blow to jobs and investment.

The Laminaria-Corallina oil fields and associated infrastructure levy will see a number of offshore oil and gas companies footing the bill for a project they have never been involved in, never benefitted from, and which lies up to 3,500 kilometres away from their operations.

Mr McConville said he is glad there will be extra consultation where APPEA will put forward alternatives that the Federal Government should consider ahead of such a blunt instrument to meet the cost of decommissioning the Laminaria-Corallina fields and the Northern Endeavour FPSO in the Timor Sea.

The project requires decommissioning after its owner, the Northern Oil and Gas Australia group of companies, went into liquidation and in accordance with legislation, the government took ownership of the asset.

Mr McConville said APPEA and its members are committed to providing support to government to ensure the safe and timely decommissioning of the Northern Endeavour and related infrastructure but



the new impost had the potential to hold back Australia's economy and the 80,000 jobs the industry supports.

"Tonight's announcement of a new levy on the entire (offshore) oil and gas industry is a terrible precedent and could have serious repercussions to Australia's economy and to jobs," Mr McConville said.

"Everyone agrees that the Northern Endeavour needs to be decommissioned and the costs managed – but there are a number of ways that the government can do so without risking undermining investment confidence in the offshore oil and gas industry."

Mr McConville said options were still available, including making the government's current management of the operations more efficient; reducing the cost of decommissioning through working collaboratively with industry; and looking at alternative funding such as selling the asset or accessing PRRT credits.

"We have consistently maintained to government the importance of considering other cost recovery measures like selling the asset, working constructively with creditors, making available PRRT credits, seeking in-kind contributions from industry, and fully exploring a commercial solution," he said

"We stand ready to work with the government to look at how to best manage decommissioning of the Northern Endeavour. A levy is not the right instrument."

Mr McConville said the oil and gas Industry remains committed to an updated decommissioning policy framework to ensure clarity and robust financial assurance in the future.

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