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BOOMING OIL AND GAS PUBLIC CONTRIBUTION AT RISK FROM ENERGY POLICY CHANGES

Tonight's Federal Budget has confirmed the substantial and growing public contribution of Australia's oil and gas industry which is being put at risk by uncertainty over energy policy changes.

Actual Petroleum Resource Rent Tax (PRRT) payments for 2021-22 were \$2.166 billion with forecasts being revised up since the Pre-Election Fiscal Outlook by \$200 million to \$2.79 billion.

The Budget estimates that \$11.45 billion will be collected between 2022 and 2026.

The Australian Petroleum Production & Exploration Association (APPEA) said the industry's increasing financial contribution helped deliver a better of quality of life for Australians.

"Tonight's Budget is another example of how our industry continues to deliver huge economic benefits for Australians," APPEA Chief Executive Samantha McCulloch said.

"Growing revenues are helping to fund essential infrastructure and services – from hospitals and schools to Medicare and paid parental leave.

"But that contribution is at risk when there is uncertainty and changing policy settings that act as a brake on new investment.

"The best way to put sustained, downward pressure on gas prices is to bring on new supply. This will boost energy security, support manufacturing, reduce emissions, and ensure the industry can continue to deliver the substantial economic benefits to Australians we see in tonight's Budget figures.

"The industry has announced more than \$20 billion in investment in recent years but moratoriums and regulatory uncertainty are impacting future investment opportunities.

"From reviewing a voluntary industry Code of Conduct* that was announced just 27 days ago as part of the renewed Heads of Agreement (HoA), to a revised and more frequently considered Australian Domestic Gas Security Mechanism (ADGSM), and significantly expanded powers to intervene by the Australian Energy Market Operator (AEMO) and another extension to the ongoing Australian Competition and Consumer Commission (ACCC) inquiry, this everchanging policy playing field risks new investment and supply as well as the associated economic, emissions reduction and energy security benefits."

Ms McCulloch said if the Government was to go down the path of making the new Code mandatory, then it should be broadened to include the whole supply chain, to ensure full transparency around the commercial conduct of all participants in the gas market.

“That includes all parts of the gas supply chain as well as commercial and industrial customers – we are fully committed to realising the objectives of the Code.

“APPEA members have engaged for more than two years on the development of the Code – with representatives of major commercial and industrial customers, as well as with the government and with regulators – to provide greater supply certainty and transparency to the market.

“With the Code covering customers and all parts of the gas supply chain, Government will have full awareness of the true state of the gas market.

Ms McCulloch added: “The oil and gas industry is playing a crucial role in putting Australia on the path to net zero emissions, investing billions of dollars in the projects and technologies that will deliver deep emissions cuts.

“We welcome the confirmation of government funding for the Middle Arm Sustainable Development Precinct in the Northern Territory but are disappointed to see reduced support for industrial Carbon Capture and Storage (CCS) given its essential role in reaching net zero.”

*The Australian Gas Industry Code of Conduct (the Code) was designed to deliver better outcomes in the Australian domestic gas market, providing for improved transparency and greater supply certainty. It provides minimum standards of business conduct for suppliers to build and sustain trust and cooperation while providing an effective, fair and equitable dispute resolution process for customers to raise complaints about compliance. The Code reflects extensive consultation and agreement between gas users and gas suppliers, commencing in late 2020 and continuing through 2021.

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