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Fiscal stability and investment vital for economic recovery

To support economic recovery and attract much-needed investment, Australia must continue efforts to become an attractive, low-risk investment destination for industries, including the oil and gas sector, according to APPEA's [2020-21 pre-Budget submission](#).

APPEA recommends the Australian Government commit to five key reforms: to make salary costs immediately deductible on infrastructure projects, introducing specific investment allowances, provide tax asset rollover relief, ensuring tax laws keep pace with commercial practices and extending the Junior Minerals Exploration Incentive (JMEI).

APPEA Chief Executive Andrew McConville said with the combined impacts of COVID-19 and the most challenging market conditions faced by Australia in a generation, having the right fiscal and investment policy settings will help to stabilise Australia's oil and gas industry and as a result, the wider economy.

"The fiscal reforms needed to underpin economic recovery – as well as having an open and competitive gas market – will ensure Australia can create a positive, competitive and stable investment and operating environment that will help support employment and growth as we emerge from COVID-19," Mr McConville said.

Mr McConville said a decade of regulatory instability and market interventions, coupled with being a high-cost investment destination, had reduced investment confidence in many industries, including oil and gas.

"Australia competes for scarce global capital and to do this we must have a best-in-class fiscal regime, objective-based regulation, promote exploration and innovation in resources development and allow markets to work without intervention.

"Industry sees the Budget as an important opportunity for the Government to pursue reforms to improve fiscal and regulatory stability and provide a market environment that is attractive for investment."

APPEA is urging the Government to focus on five key reforms:

1. Encourage employment and job creation by making salary and wage costs immediately deductible for taxation purposes.
2. Encourage investment and domestic spending through investment allowances.
3. Remove barriers to economic restructuring through providing tax asset rollover relief.
4. Improve investment and supply certainty by ensuring that taxation laws keep pace with modern commercial practices.
5. Encourage exploration activities by extending the Junior Minerals Exploration Incentive and allowing junior oil and gas explorers to access the scheme.

"Australia can secure the next billion-dollar wave of industry developments and help power the nation's economic recovery, with the right settings in place. Our plan can help Government deliver that. This investment can help stimulate local economies, create employment and generate long-term revenue," Mr McConville said.



“As the economy recovers from COVID-19, the industry stands ready to provide energy security for homes and manufacturing businesses, generate jobs through exploration and new operations, provide taxation revenue to build schools, roads and hospitals and strengthen our economy.

“We look forward to working collaboratively with Government to continue projects and pursue exploration to help kick start Australia’s COVID-19 economic recovery.”

Read APPEA’s [2020-21 pre-Budget summary](#).

Fact Sheets:

- [Increasing tax collections](#)
- [The importance of regulatory stability](#).

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