

## Tax breaks to kick-start gas investment

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### **FEDERAL Resources Minister Martin Ferguson will reveal the possible tax breaks to ignite vital investment in offshore and onshore gas projects in a speech on the Government's energy security plans in Canberra yesterday.**

The minister told the Committee for Economic Development of Australia's 2008 State of the Nation conference in Canberra the review of the tax system by treasury secretary Ken Henry will include an assessment of the barriers to investment in large-scale downstream gas processing projects in Australia.

The review will also touch on the hurdles faced by remote gas developers, and look at the future policy framework for new sunrise industry development in the gas sector, including new LNG and gas-to-liquids.



Gorgon is Australia's largest undeveloped gas field

Fergusson added it was time to even up the playing field for investment with new gas projects like the Gorgon Project in Western Australia struggling to get off the ground.

"Since Australia had secured only two major LNG projects in the past 20 years, a big part of the Government's energy security assessment – to be delivered this year – would have to be what the Government could do to encourage more investment and more domestic supply," he said.

"Significant international oil and gas developments are extremely expensive," he said.

"The Henry review will consider what incentives, if any, are required to secure that investment."

The speech comes as the Government is hinting to use some of the \$2.5 billion saved in the budget by cancelling the tax break for the North West Shelf gas project, for new multi-billion-dollar gas projects, *The Australian* reported.

APPEA chief executive Belinda Robinson hailed Fergusson's speech as a landmark recognition of the magnitude of the global energy security challenge.

"The Government is to be applauded for grasping the gravity of the current global race for energy security and Australia's strategic position as an energy superpower," she said.

"World energy demand is forecast to grow 40 percent by the year 2030. Today's upward pressure on energy prices should be fuelling a serious look at how Australia makes the most of its energy resources and proximity to the Asia-Pacific energy market.

"Initiatives of the type mentioned by the minister would represent a relatively small reinvestment of some of the \$6 billion the oil and gas industry provides in revenue to governments each year and are the keys to stimulating oil and gas exploration, unlocking our vast reserves of natural gas to fuel economic growth and addressing the greenhouse challenge."

She added that while Australia continued to find vast reserves of gas, it remained underweight in the development of our gas reserves, according to leading analysts WoodMackenzie.

"The minister's speech today is a wake up call – we need to do more than just admire how nice our energy reserves and revenue to governments look on paper, we must put our competitive advantage to work powering the economy and addressing greenhouse gas emissions."