



Name: Australian Energy Producers

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The participant did not respond to this question.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The participant did not respond to this question.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

The participant did not respond to this question.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Reliable and affordable energy – including natural gas – is a critical driver of business dynamism and resilience across the Australian economy. Natural gas is a cornerstone of the Australian economy, contributing over \$100 billion annually to the economy and supporting more than 215,000 jobs across the country. The gas sector is one of Australia's most productive sectors, contributing approximately \$2.8 million of value-add to the economy per full time equivalent worker. Natural gas accounts for 26 per cent of Australia's primary energy demand and provides 37 per cent of the energy used in manufacturing, fuelling industries such as mining, chemicals, construction, and food processing. Natural gas is also critical to the transformation to net zero, backing up renewable energy, supporting the transition away from coal, and powering industries central to reducing emissions such as critical minerals production. The natural gas industry is leading the development of key emissions reductions technologies such as carbon capture, utilisation and storage (CCUS), which are particularly important for decarbonising hard-to-abate industries.

Australia's future energy and economic security requires an efficient, stable, fit-for-purpose regulatory environment that facilitates timely approvals and provides certainty for investment. Clear and consistent regulatory processes reduce uncertainty, accelerate project approvals, and enhance Australia's global investment competitiveness. In contrast, complex, duplicative, and shifting regulatory requirements – particularly in environmental approvals and consultation – delay projects and increase costs, undermining the industry's ability to meet domestic supply needs and energy transition goals. A stable and well-designed regulatory framework is essential to driving the economy and sustaining Australia's economic resilience.

2. How has your regulatory burden changed over time?

The regulatory burden facing the Australian gas industry has increased significantly over time, in parallel with the deterioration of policy and investment certainty. Increasingly complex and uncertain regulatory requirements – in particular environmental approvals – have led to longer, less predictable approval processes and greater exposure to legal challenges. Further, compounding Government interventions in the gas market have muted long-term market signals and undermined investment confidence. These issues have impacted critical gas developments, raised sovereign risk perceptions, and contributed to Australia losing ground to more investor-friendly jurisdictions. In parallel, the gas industry faces a significantly increased reporting burden due to overlapping and duplicative regulatory requirements from the Australian Competition and Consumer Commission (ACCC), the Australian Energy Market Operator (AEMO), the Australian Energy Regulator (AER), the Clean Energy Regulator (CER), and Treasury as well as other Federal and state departments and agencies.

A recent survey of Australian natural gas industry CEOs found that the overwhelming majority see Australia as a less attractive place to invest today, compared with five years ago, driven largely by changes in policy and regulatory settings. A recent report – Australia's Natural Gas Investment Competitiveness – undertaken by Wood Mackenzie on behalf of Australian Energy Producers found that despite abundant gas resources and excellent proximity to key markets, worsening regulatory and political certainty are driving down natural gas investment in Australia compared to peer nations such as the United States, Canada, Qatar, Norway and countries in South-East Asia and Africa. As part of the study, a survey was undertaken of industry CEOs – representing 85 per cent of total natural gas production in Australia today – that found 95 per cent of those surveyed consider Australia is a less attractive place to invest today, compared with five years ago. 95 per cent of respondents consider Australia's sovereign/political risk has increased over the last five years, with 91 per cent suggesting regulatory risk has followed the same trajectory. More than 95 per cent of those surveyed reported direct investment impacts from changing government policy and regulatory settings. One in five affected projects were either cancelled or relocated offshore, with almost half being significantly delayed.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

A range of intersecting and overlapping federal and state regulations are impacting the gas sector and detracting from business dynamism and resilience in Australia. While several specific examples are provided below, the cumulative and compounding impact of federal and state regulation has a particularly negative impact on gas investment and project development.

- The Environment Protection and Biodiversity Conservation Act (EPBC Act) requires reform to streamline and simplify environmental approvals. Both the ACCC and AEMO have called on governments to accelerate approvals, remove barriers to new gas supply, and incentivise investment to avoid forecast shortfalls. Australia needs an effective and predictable regulatory framework to support timely project delivery and maintain energy security. In its current form, the EPBC Act is overly complex and a significant constraint on business adaptability and investment confidence – ultimately harming businesses and households that depend on reliable gas supply.
- The consultation requirements in the Offshore Petroleum and Greenhouse Gas

Storage Act Environmental Regulation are ambiguous and are causing critical gas projects to face lengthy delays and greater risk of legal challenges.

- The mandatory Gas Market Code puts the Government at the centre of the gas market, muting the long-term market signals needed to drive investment, and adding complexity and uncertainty for gas producers. The forthcoming Gas Market Review should focus on returning to an open and competitive east coast gas market and on addressing forecast near-term shortfalls. In particular, the review should look to transition away from the permanent price provisions and exemption framework in the Code in order to deliver:

- o A long-term market signal for investment in new gas supply.

- o Effective competition and efficient market functioning.

- o A gas supply-demand balance that delivers reasonable prices to users and producers. The review should also streamline negotiation and procedural provisions in the Code to align with standard market practices, ensure penalty provisions do not negatively impact market operations, and remove duplicative reporting requirements across the east coast gas market.

- The lack of regular offshore acreage releases has constrained gas exploration activity and limited future gas supply development. Without predictable and timely access to new exploration areas, companies face uncertainty in planning and investing in long-term projects. This has contributed to a decline in exploration expenditure and reduced Australia's ability to replenish reserves, undermining energy security and the competitiveness of the domestic gas sector. Further, proposed changes to the offshore guidelines around Exploration Work-bids, Declaration of Location, and Retention Leases, risk exacerbating the issues facing gas exploration and development by increasing the uncertainty and decreasing the transparency of the permitting and approvals process, increasing the compliance burden on project developers, and imposing unreasonable time constraints on projects.

- The current regulatory burden is exacerbated by duplicative and excessive reporting requirements from the various market bodies, including the ACCC, AEMO, AER, CER and Treasury. These often require similar data to be provided in different formats or timeframes to different agencies, increasing administrative workload and diverting resources from core operations. A coordinated approach to streamline these reporting requirements would reduce duplication and support more efficient compliance. For example, the National Greenhouse and Energy Reporting (NGER) scheme and Australian Accounting Standards Board (AASB) S2 requirements are not aligned with respect to scope 1 and 2 emissions reporting timelines, which forces reporters to conduct duplicative reporting and assurance processes. Instead, reporters should be allowed to use prior-year NGER reported emission in their AASB S2 report.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

Three examples of where policymakers and regulators have done a good job of understanding and reducing the regulatory burden on companies include:

- The Western Australian Government's Independent Review of Environmental Approvals Processes and Procedures which was undertaken to address inefficiencies and delays in the state's environmental assessment system. The review culminated in the passing of the Environmental Protection Act Amendment Bill 2024, which streamlines the state's approval system. The Bill comprises a range of measures including enabling other WA Government regulators to process and issue their own approvals in parallel with the WA Environmental Protection Authority (EPA) assessment process.

- The recently established Territory Coordinator in the Northern Territory is a welcome attempt to address the regulatory burden faced by project developers and to streamline project approval processes. This independent statutory role is empowered to consolidate regulatory processes for projects of economic significance. Its functions include coordinating approvals across various agencies, addressing stalled assessments, and, on rare occasions, recommending exemptions from certain statutory requirements. These powers aim to reduce duplication, speed up decision-making, and enhance investor confidence.
- Efforts by the AER to mitigate the additional reporting burden of the newly established Wholesale Gas Market Report have been welcome. The AER's decision not to have their own submission template but to instead allow producers to provide information in a format that has already been submitted to the ACCC's Gas Inquiry will help avoid duplication and reduce the reporting burden on industry stakeholders.