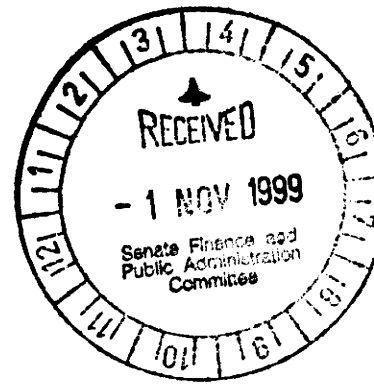




**The Australian
Gas Association**

ACN 004 206 044



1 November 1999

Secretary
Senate Finance and Public
Administration References Committee
Parliament House
CANBERRA ACT 2600

Submission No. 19

Dear Sir/Madam

SENATE BUSINESS TAXATION REFORM INQUIRY

The Australian Gas Association (AGA) has welcomed many aspects of the Government's business tax reform proposals especially in relation to capital gains tax reforms and a lower company tax rate.

However, the AGA continues to be concerned about the elimination of accelerated depreciation provisions applying to new investment.

The gas industry is highly capital intensive with up to \$14 billion in investment planned between now and 2005. This is investment that will take place largely in regional Australia with consequent benefits for economic growth and job prospects. Without accelerated depreciation achieving this scale of investment will be difficult.

The curtailment of the industry's forecast investment may also limit the role natural gas can play in reducing overall greenhouse gas emissions.

To offset the potential impact of the depreciation changes the Government has indicated the use of an expanded strategic investment co-ordination process with the option of targeted investment allowances.

At this stage the AGA is seeking more detail on this proposal to ensure equitable access for both large and small projects. The AGA believes a workable regime is critical to maintain investor confidence in all sectors of Australia's gas industry and is necessary to underpin future capital investment, jobs growth in regional Australia and continued adoption of clean fuel sources such as natural gas.

The AGA looks forward to discussing these aspects in detail with Senate Committee members at a future hearing of the Committee.

Yours sincerely

Bill Nagle
Chief Executive