



Australian Government

**Department of Resources
Energy and Tourism**

Offshore Exploration Incentive

The Government will extend the offshore exploration incentive in the petroleum resource rent tax (PRRT) by one year.

This will enable this incentive to apply to the 2009 annual offshore acreage release, which will be announced at the Australian Petroleum Production and Exploration Association annual conference on 1 June 2009.

The offshore exploration incentive in the PRRT allows an immediate 150 per cent uplift on PRRT deductions for exploration expenditure incurred in designated offshore frontier areas (DFAs). This measure has applied to the annual offshore acreage releases for 2004 to 2008.

DFAs must be more than 100 kilometres from an existing commercialised oil discovery, and must not be adjacent to an area designated in the previous year's acreage volume. DFAs may constitute up to 20 per cent of exploration permits issued in a year.

The offshore exploration incentive lowers the cost of petroleum exploration in frontier areas, thereby stimulating exploration activity in Australia's remote offshore areas and increasing the probability of discovering a new oil province.

Any assistance provided beyond 2009 will be considered in light of the final report of the Australia's Future Tax System review and the Energy White Paper, which are both scheduled to be completed by the end of 2009.