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Tougher regulations will mean more costs and delays but finally allow for new jobs and investment

More regulations around the production of natural coal seam gas in NSW will cause project delays and increase costs for industry, the Australian Petroleum Production & Exploration Association (APPEA) warned today.

The NSW Strategic Regional Land Use Plan released by the State Government is a regulatory regime aimed at ensuring a safe and secure gas industry for NSW but one that will ultimately delay approval processes for projects by up to three months.

APPEA Chief Executive David Byers said: "We are now without question one of the most heavily regulated industries in Australia. There is an enormous obligation placed on energy companies through this policy.

"This package of new regulations contains 27 elements that will lead to drawn-out assessment processes with increased security deposits and fees.

"While industry can now finally start investing in exploration, job creation and investment for NSW regional communities, we need to recognise that these regulations will force up costs and delay projects.

"Around 95 per cent of gas used in NSW by households and businesses comes from interstate, yet the potential to develop local reserves will not only create thousands of jobs but also contribute millions of dollars annually through royalty streams.

"Industry has effectively been stalled in NSW for the best part of two years. Our latest quarterly data shows employment positions in the NSW CSG industry increased by just 39 positions to 332 in the first half of this year and exploration has been brought to a standstill.

"That's in stark contrast to Queensland where 18,500 people are now working on CSG to LNG projects worth \$50 billion. Almost 7000 jobs have been added to the Queensland gas sector in the first half of 2012."

Mr Byers described the appointment of a Land and Gas Commissioner as an important link between all stakeholders, particularly between landholders and gas companies.

"We recognise that our success as an industry will depend on maintaining the trust of the communities in which we operate. The appointment of a Land and Water Commissioner will help ensure the industry's benefits are delivered to local communities and the issues that are important to them are addressed."

The use of BTEX chemicals for hydraulic fracturing is currently banned in Queensland and industry supports similar action for NSW.

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The Australian Petroleum Production & Exploration Association represents the upstream oil and gas industry in Australia. APPEA member companies produce around 98 per cent of Australia's oil and gas.