



MEDIA RELEASE

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Protectionism no way to grow the economy

The Australian gas industry says price subsidies - referred to as 'competitive prices' in a new report from the country's large gas buyers - are little more than protectionism dressed up as industry policy.

Rather than supporting the subsidies requested, governments that desire expanded gas supplies should support the development of new gas projects to increase availability of natural gas and diversity of supply.

Establishing more effective regulation, including less duplicative planning processes and more timely approvals processes is the answer to securing future supplies of gas, not the heroic assumptions contained in the report about the possible use of gas by industrial customers in Australia and their demands for one industry to subsidise another.

Geoscience Australia says Australia possesses 819 trillion cubic feet (TCF) of natural gas. One TCF is enough gas to power a city of 1 million people for 20 years. In 2009-10, the entire Australian economy consumed only 0.9 TCF, with a further 0.9 TCF exported.

Gas reservation policies actually impair local gas supply and affordability – not improve it – because having laws dictate where and how gas can be sold invariably deters investment. Such an outcome has been clearly recognised by the Australian Government.

The Australian Petroleum Production & Exploration Association (APPEA) also rejects the claim that Australia's gas reserves could create more jobs and generate more investment if made available at subsidised prices to certain manufacturers (other than liquefied natural gas exporters).

Australia's LNG sector is currently investing \$175 Billion in new projects and the sector created more than 100,000 Australian jobs this year. The Australian's employed and businesses that have benefited from the growth of the LNG industry would seem to tell a different story to the picture of gloom portrayed in the report commissioned by representatives of the big gas buyers.

APPEA encourages the public release of modelling and all of the assumptions underpinning the report released today by the Australian Industry Group and the Plastics & Chemicals Industry Association, as its outcomes contrast not only with current experience, but also the raft of reports demonstrating the economy-wide benefit associated with Australia's resources boom.

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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.