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The Australia Institute (TAI) wrong again on gas

The release of yet another TAI political polemic styled as a 'research paper' adds little credible information to the debate surrounding how best to grow our economy and put downward pressure on energy costs.

At a time when most Australians are concerned with the economic challenges facing the economy and rising costs, the Greens-linked TAI has released a compilation of recycled papers that rely heavily on media reports, internally commissioned surveys, and policy papers consistent with the group's strategies to halt Australia's coal and gas export industries.

It should be recognised that The Australia Institute is part of a wider movement to stop coal and coal seam gas development in Australia* - a movement that includes Greenpeace and Beyond Zero Emissions, so its motives are clear.

Perhaps not surprisingly, today's report also turns a blind eye to the gas industry's long track record of safely supplying energy to Australia and the world, while developing mutually-beneficial relationships with thousands of landholders across the country.

The Australia Institute may not like it, but the Australian oil and gas industry is currently investing close to \$200 billion in new projects. Deloitte Access Economics – one of Australia's most credible economic advisory practices – has estimated that over the investment phase, national employment peaked at about 103,000 FTEs (full-time equivalent jobs) across the Australian economy in 2012. This includes jobs within the oil and gas industry itself, in contracting companies responsible for building the projects and in the sectors that supply key services to the industry. It is an investment that will also see the industry's annual tax contribution rise to almost \$13 billion by the end of this decade.

TAI's claim that increasing east coast supply will do nothing to place downward pressure on gas prices displays a lack of understanding of supply and demand forces. Among others, detailed analysis by the Independent Prices and Regulatory Tribunal and the Australian Government Department of Industry has shown that increasing gas supply in the east coast will place downward pressure on gas prices. Further, the AGL Working Paper released earlier this week shows that increasing gas supply in NSW will place downward pressure on gas prices.

The US experience is also instructive. Rising gas prices (to more than \$US10/MMBTU in 2008), delivered the incentive for a massive exploration boom. The success of this exploration and the scale of the US economy allowed rapid commercialisation of gas



resources allowing gas prices to fall over time to around \$US4/MMBTU. The outcomes were not driven by government interventions.

Similarly, the claim by TAI that the industry is under-reporting emissions or failing to account for them is incorrect. The oil and gas industry measures and accounts for all its fugitive emissions under *the National Greenhouse and Energy Reporting Act 2007* and the *Clean Energy Act 2011* and has been part of the CSIRO study currently underway to examine fugitive emissions from the production of natural gas from coal seams.

It is important to keep this issue in perspective. According to the Department of Environment National Greenhouse Gas Inventory, fugitive emissions in 2012 resulting from all oil and natural gas production represented just 2.3% of all greenhouse emissions in Australia (fugitive emissions from coal were 3.1%). For natural gas from coal seams, fugitive emissions were about 0.3%. By comparison, emissions from agriculture accounted for 15.9% of total Australian greenhouse gas emissions.

The industry is regulated by more than 150 statutes and by more than 50 government agencies. Calls from The Australia Institute for more regulation do little more than underline how little it actually understands the industry it consistently tries to undermine.

With energy costs rising, now is the time to cut the red tape constricting the gas industry's capacity to deliver new supplies – not increase it, as the Australia Institute suggests.

Tomorrow will see the Australian Government begin its "Repeal Day" process, with a Bill going to Parliament designed to reduce the volume of regulation and eliminate duplication between state and federal governments. The Australian oil and gas industry is encouraged by the Australian Government's commitment to effective and efficient regulation and the reduction of unnecessary costs associated with doing business in Australia.

*Stopping the coal export boom

http://www.abc.net.au/mediawatch/transcripts/1206_greenpeace.pdf

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