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Energy White Paper signals a return to resource optimism

The Australian Government's Energy White Paper is welcome recognition of the nation's oil and gas industry's critical role in delivering economic growth and energy security at home and abroad, the Australian Petroleum Production & Exploration Association (APPEA) said today.

The White Paper's further commitment to market-based energy policies rather than interventionist measures such as gas reservation highlights a renewed sense of optimism about resource opportunities.

APPEA Acting Chief Executive Paul Fennelly said: "At a time when some interest groups are seeking a return to protectionism and a leg-up from gas producers, a long-term policy position rejecting gas reservation is an important signal to investors.

"Policies that enhance Australia's attractiveness as a place to do business and encourage industry to increase domestic gas supplies can deliver another wave of prosperity in addition to the current \$180 billion pipeline of investment in liquefied natural gas (LNG) export projects."

The paper's advocacy for establishing effective regulation that allows for the sensible, responsible and timely approval of resource projects is a step forward. But the industry maintains there is no need for an Australian Competition and Consumer Commission inquiry into a gas market that already works.

Such an inquiry would need to recognise the following factors:

- The market's existing ability to operate effectively, given that over the last three years 24 contracts have been signed between gas producers and suppliers;
- The impact of a long and protracted inquiry on investor confidence in committing to exploration and development;
- The impacts of a long and protracted inquiry on company resources and associated costs amid a dramatic fall in the price of crude oil;
- The regulatory and access restrictions that have been placed on explorers and producers in NSW and Victoria and their potential impacts on gas supply in eastern Australia;
- Numerous companies are active in both exploring for and producing gas that is supplied into eastern Australia; and
- A key characteristic of gas supply activities is the need to commit many billions of dollars in identifying whether commercial recoverable resources exist. This is a critical precursor to significant capital that must then be committed to recover a discovered resource.

APPEA also welcomes the Government's continued commitment to the provision of high-quality, pre-competitive geoscience information that makes a significant contribution to the science and knowledge base underpinning Australia's successful resource industry.

Mr Fennelly said: "Access to such information, combined with the long-standing and successful acreage release framework, has allowed Australia to become a reliable supplier of gas to both domestic and export markets."

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