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Removing impediments to new gas production needed

Australia Petroleum Production & Exploration Association Chief Executive Andrew McConville said Chemistry Australia could do better than to try and turn the discussion on Australian gas into an 'us versus them' debate.

Commenting on today's release of a new ACIL Allen report, *Chemical Industry Economic Contribution Analysis* by Chemistry Australia, Mr McConville said: "Both manufacturing and oil and gas production are key sectors of the Australian economy.

"Attempts to compare fundamentally different industries and portray them as being in competition with each other does little to contribute to an important debate. We do not need to choose between the two.

"The development of an LNG export industry has supported unprecedented growth and investment in domestic gas supply on the east coast. Put simply, much of the increase in domestic gas supplies would not have eventuated without the investments that have underpinned the export gas industry."

Mr McConville said: "The industry takes its obligations to the domestic market and its role in supplying local manufacturers very seriously. It's also the case that Australia's LNG projects will deliver decades of economic growth, jobs and exports in Australia.

"The oil and gas industry underpins around 80,000 direct and indirect jobs – and, as the ACIL Allen report highlights, hundreds of thousands of Australian jobs rely on the reliable, affordable and sustainable supply of oil and gas.

"More than 79 new publicly announced gas agreements have been signed since 2012 in Australia, showing the strong commitment the sector has for the domestic market."

In the past two and a half years, there have been announcements from Arrow Energy, Shell Australia, Cooper Energy, Senex, Strike Energy, GLNG, Australia Pacific LNG, Origin Energy, Westside Corporation and Santos to provide new supply in various parts of eastern Australia.

"This approach of wanting to claim that one industry adds more value to a unit of gas than another is not relevant to what needs to be a sensible and focused debate on how best to develop Australia's substantial gas resources," Mr McConville said. "A common basis of comparison, such as dollars per unit of revenue or unit of production, is a far more rigorous approach."

"For example, there are numerous industries, particularly in the services sector, which comprises over 70 per cent of the Australian economy, that use little or no gas. The approach taken in the report would imply that because these industries add no value to a unit of gas, they must therefore add no value at all. Clearly this is not the case."

"The best way to place downward pressure on gas prices is to increase production. This should be the ongoing focus of all involved in this debate – governments and industry. Working with the oil and gas industry on genuine and long-term solutions to bring more gas into the domestic market is by far the most effective way to add real value."

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