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AWU gas policy: some good some bad

The peak body representing Australia's oil and gas industry has welcomed the Australian Workers Union's recognition that drilling more wells and producing more gas is of critical importance to east coast manufacturing jobs and gas customers.

On a day that saw the NSW Government add even more layers of red tape to the challenge facing natural gas suppliers, the AWU intervention was a timely reminder that the best response to rising gas prices is more gas, not more regulation.

APPEA Chief Executive David Byers said: "Governments should be looking to remove impediments to gas production rather than putting new barriers in place, particularly given the looming energy security threat faced by NSW and its industrial base.

"However, the union's demand for a national gas reservation policy is little more than protectionism dressed up as industry-development and a return to the type of thinking Australia rejected in the 1980s.

"Arguments for domestic gas reservation are highly dangerous, short-sighted and self-interested. Gas reservation policies actually impair local gas supply and affordability, rather than improve it.

"Laws that dictate where and how gas can be sold invariably deter the very investment needed to develop Australia's abundant gas reserves and the AWU should consider the growth opportunity presented by the almost \$200 billion worth of LNG plants currently under construction in Australia.

"In all sectors of the economy (not just oil and gas), maintaining access to open and competitive markets – and rejecting protectionism – is in Australia's long-term national interest."

As the AWU's Paul Howes himself said when addressing a gas industry forum in 2009:

*On the impact of market forces, what is of most value to the natural gas sector is the free flow of resources to this sector as opposed to diversion to unsustainable areas of the economy propped up by either **direct or indirect subsidies**...**

Mr Byers said: "Australia's gas industry is delivering substantial benefits for Australia in terms of investment, jobs for Australian workers, regional development, and flow-on economic benefits to local businesses, but its ongoing success should not be taken for granted."

* Address to the Natural Gas Positive Energy breakfast, Thursday, 20 August 2009, Parliament House, Canberra.

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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.