



Tuesday, 27 March, 2012

Energy White Paper submission

In its submission to the Government's Energy White Paper, the peak body representing Australia's oil and gas industry has highlighted the policy issues crucial to ensuring Australia's international competitiveness and the industry's capacity to deliver growing domestic gas supplies and its \$180 billion pipeline of liquefied natural gas (LNG) projects on-time and on-budget.

The Australian Petroleum Production & Exploration Association (APPEA) is pleased that the draft Energy White Paper advocates a long-term principles-based framework that emphasises using competitive markets to meet Australia's energy goals.

Yet the document also calls for energy policy interventions "to address identified market gaps".

As APPEA points out in its submission, market "gaps" usually exist because industries or technologies are inefficient or not cost-effective, and market gaps should not be confused with genuine market failures.

APPEA Chief Executive David Byers said: "Too often, calls for policy interventions reflect dissatisfaction with the operation of competitive markets, or have an 'industry development' justification, and do not reflect genuine market failure.

"Interventions to develop new industries or to protect stalled or faltering industries misallocate resources and have the potential to hurt Australia's international competitiveness. Calls for intervention on this basis should be resisted by the Government.

"Adhering to a long-term principles-based framework is the only sensible way to assess the many calls for 'industry development' or special treatment that are likely to be put forward in submissions responding to the Draft White Paper."

To ensure secure and competitively-priced energy, the policy framework should deliver:

- access to oil and gas resources for viable exploration and development;
- access to domestic and international markets on internationally competitive terms;
- a fiscal, policy and regulatory framework that facilitates long-term investment in exploration, development and production – including a continuation of the existing immediate tax deductibility of all exploration-related costs;
- a workplace relations framework that encourages productivity and flexibility; and,
- the streamlining of the inefficient hotchpotch of "clean energy" and emissions-reduction programs that has failed on both environmental and economic grounds.

APPEA's submission can be found [here](http://www.appea.com.au) on www.appea.com.au

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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.