



MEDIA RELEASE

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Wednesday, 1 August 2012

Protectionism is a dead-end road

The peak body representing Australia's oil and gas industry says union demands for a national gas reservation policy are little more than protectionism dressed up as industry-development and a return to the type of thinking Australia rejected in the 1980s.

The Australian Petroleum Production & Exploration Association (APPEA) says the 'Aluminium Industry Plan' unveiled today by the Australian Workers Union is a demand for one industry to subsidise another.

APPEA Chief Executive, David Byers, said: "This is an anti-market policy demand that would leave many of its industrial proponents aghast, were it ever to be applied to their own operations.

"If taken to its logical conclusion, such an approach could see gas suppliers demanding laws forcing aluminium and steel manufacturers provide below-cost inputs to new gas-processing facilities and pipelines that are currently not commercial.

"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: "Reservation policies actually impair local gas supply and affordability – not improve it – because laws dictating where and how gas can be sold deter investment in exploration and development.

"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.

"Gas reservation proponents seem to assume that developing Australia's gas resources is relatively easy and highly profitable, so a favourable price for a one or two few industries is reasonable.

"But in reality, gas developments are incredibly complex, long-term and high-cost undertakings. And Australia is an increasingly a high-cost location to develop these projects."

* 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.