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Time to lift barriers on NSW natural gas development

Today's draft decision on regulated gas prices by the Independent Pricing and Regulatory Tribunal (IPART) highlights the urgent need for increased natural gas exploration and production in NSW.

Australia's second biggest onshore natural gas field is within NSW borders, yet 95 per cent of the state's natural gas supply is imported from other states.

This is despite indigenous reserves that would fulfil the state's natural gas needs for the next 20 years and potential resources that could supply NSW with a cleaner burning energy source well into the next century.

APPEA has long argued that downward pressure cannot be applied to rising gas prices if restrictions on developing natural gas from coal seams in NSW are allowed to continue.

The successful natural gas development story unfolding in most parts of Australia, but not NSW, is underpinned by sufficient gas reserves to meet both domestic and export markets.

The ability to access international markets has stimulated the development of a whole new export industry in eastern Australia. Coupled with LNG developments in Western Australia and the Northern Territory, this has powered recent Australian economic growth and, if not impeded, will continue to do so for decades to come.

Domestic and export demand is driving growth in the east coast gas market from 700PJ to 2800PJ by 2016-17. Indeed, there are now more than 1.1 million gas users in NSW alone.

Just last year, the IPART identified the development of NSW natural gas as one of the most effective ways to put downward pressure on prices. Developing NSW gas reserves would also increase employment and economic activity in NSW, as has been the experience in Queensland.

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