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AWU continues down the wrong path on gas policy

The AWU continues to push a domestic gas reservation policy that would achieve little and make all Australians – including Australian workers – poorer.

Responding to reports today that the AWU will push the union movement to back a reservation policy, APPEA Acting Chief Executive Paul Fennelly said: “If you want to kill off investment, kill off jobs for workers, and drive up the gas price for manufacturers, then the measures prescribed by the AWU are an excellent way to go about it.

“1950s policy solutions won’t bring more gas to market or reduce costs for our manufacturing sector. It’s strange the AWU is pursuing a policy that does not have the support of major manufacturing groups.

“There are important lessons to be learnt from other countries – as well as an Australian state that has pursued a protectionist policy that has proven to be poisoned chalice.”

“This was reinforced at last week’s APPEA Conference, where gas producers noted that Western Australia’s gas reservation policy was a factor in driving investment away from that state and was a deterrent to bringing on new domestic gas supplies.

“Both the 2012 and 2015 Energy White Papers found that rather than increasing domestic gas supply, reservation would discourage new market entrants and would reduce supply competition, ultimately leading to higher prices.

“As the [Productivity Commission](#) also found in its recent review of the gas market, such a policy would reduce the welfare of all Australians by up to \$24 billion over the period to 2032. That would leave all Australians, including Australian workers, \$1000 per person worse off.”

The AWU has continued to claim Australia is the only country that does not have a reservation policy – this is false.

Countries such as the USA, Canada, the Netherlands, Norway and the UK allow the market to set wholesale gas prices, just as we need to in Australia.

Mr Fennelly said: “These nations do this for a very good reason: gas reservation actually makes worse the situation it is supposed to fix – by reducing the very investment needed to bring on new, or cheaper, supplies.

“At a time when governments are seeking to increase the competitiveness of the Australian economy and attract new project investment, gas reservation is the antithesis of the policy response most in the business community are looking for.

“Reservation doesn’t work, and that’s probably why we don’t do it for any other commodity such as iron ore, wool, wine, wheat or beef.

“We would encourage the AWU to join the nation’s major manufacturing industry groups, which are advocating for the development of onshore gas resources in NSW and Victoria to bring on new supply and enhance energy security.”

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