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## Labor's "national interest test" fails gas consumers

The national interest test on gas exports announced today by the Labor Party is poor policy that would discourage rather than stimulate investment in developing Australia's gas reserves.

"There is an urgent need to bring more gas to market to ensure reliable, long-term supply in eastern Australia," said APPEA CEO Dr Malcolm Roberts.

"Exploration has been falling for many years and conventional gas production is now declining.

"The COAG Energy Council has confirmed its priority is to increase supply. The Australian Competition and Consumer Commission (ACCC) has called for the removal of policy restrictions on new developments.

"Under these circumstances, we need policies that encourage more investment in developing new reserves.

"Adding new regulatory risks does not help, especially at a time of depressed prices. International investors are very sensitive to any changes to sovereign risk in Australia.

"This is not just a view from the industry. Every credible, independent review has confirmed that interventionist policies put at risk investment and, over time, threaten supply."

In its *Inquiry into the East Coast Gas Market* report released last month, for example, the ACCC warned that reservation policies, such as a national interest test, would *"weaken incentives for further gas exploration and appraisal."*

*"In addition, new gas projects which are scaled into the domestic market may be forced out of the market due to poor economic returns. Over time, reservation policies would reduce the likelihood of new sources of gas being developed, to the detriment of the level of diversity of supply for domestic gas users.*

*"In a market that is facing supply issues arising from LNG, moratoria, and a low oil price, further impediments to gas supply development would be detrimental and so should not be introduced."*

Dr Roberts said it was disappointing Labor had bowed to union demands to introduce a policy that could penalise one of the nation's most successful export industries.

"The premise of a national interest test is wrong," he said.

"An export gas industry does not threaten domestic gas supply. Our major gas exporters are also major suppliers to the domestic market.

"The opportunity of LNG exports has made possible the massive reinvestment in gas production and infrastructure of recent years.

"Australia cannot afford to increase sovereign risk and project costs if it wishes to convert its gas reserves into jobs, royalties and exports."

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