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Victorian ban on conventional gas must go

Claims today by the Victorian Government that its bans on exploring and developing new onshore gas resources will *not* affect gas prices for Victorian customers defy common sense and market realities.

“This issue goes beyond the government surrendering to the activists’ fear campaign against hydraulic fracturing,” said APPEA Chief Executive Dr Malcolm Roberts.

“The Victorian Government has not just banned fracturing; it has imposed a five year moratorium on developing any onshore gas resources, regardless of whether or not fracturing is needed.

“In the one-page press release announcing the government’s decision to kill all onshore gas development, the five-year moratorium appears at the bottom of the page, without explanation or justification.

“There is nothing novel or unusual about developing conventional gas. Australia has been doing it safely for decades. Victoria itself benefited from a safe, successful onshore conventional gas industry for 20 years until 2006.

“The government’s own submission to the parliamentary inquiry into unconventional gas noted this history and indicated that further discoveries in the Otways are possible.

“Expert analysis provided to the government in 2015 advised that there are proven quality gas reservoirs.*

“Instead, the government has killed off exploration and possible future development. It is facing a legal challenge from a business which has spent \$92 million in exploring prospective resources in Victoria.

“It is a circular argument for the government to ban exploration and then justify the ban by saying that explorers have not found commercial reserves. It is equivalent to stopping a student from sitting an examination – and then telling the student that they had failed the examination.

“Victorian customers can’t wait until 2020 for the State government to find the political courage to reconsider allowing conventional gas exploration and development.

“Production from the offshore basins – the Gippsland, Otway and Bass basins – supplying Victoria is expected to peak this year and then fall. Independent experts forecast that production will fall by 15 per cent to 2020 and by 40 per cent to 2025.



“There is no doubt that Victorians will face higher gas prices as supply tightens and they are obliged to buy more gas – if available – from distant sources in South Australia and Queensland.

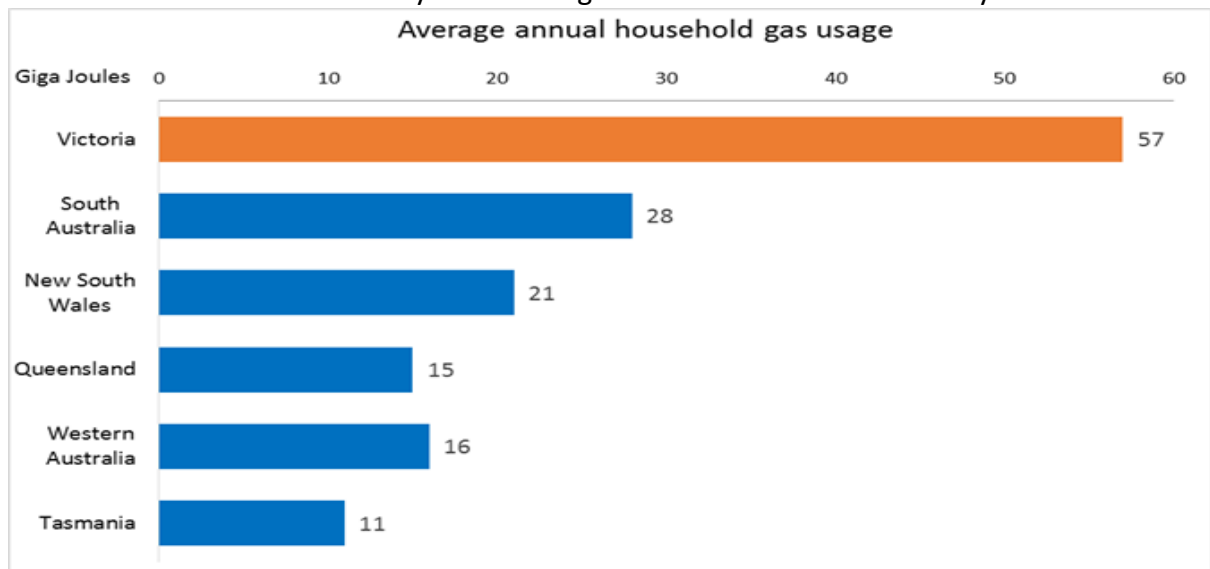
“Local supply is a cheaper option than buying gas from fields thousands of kilometres away.

“Minimising transportation costs could save customers 30 per cent or more off their gas prices.

“The Victorian government seems intent on playing green politics by sticking with its unjustified ban on hydraulic fracturing. But it could step back from the bizarre decision to ban exploration and development of gas resources that do not require fracturing. Doing so would be in the interests of the 2.2 million households in Victoria relying on gas.

Victoria's gas facts

- Victorian customers rely on natural gas more than customers in any other State.



- 83% of Victorian households – 1.82 million customers – have a mains connection.
- Another 110,000 households rely on LPG or bottled gas, concentrated in regional Victoria.
- The average household spends about \$1,100 a year on gas – often higher in regional areas (ESC 2014-15).
- The previous Victorian government spent \$124 million connecting eleven regional towns to the gas network.

*http://onshoregas.vic.gov.au/_data/assets/pdf_file/0003/1186158/O3-Otway-gas-prospectivity-report-June-2015.pdf

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