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The answer to gas problems is increasing supply

Australia urgently needs more gas supply and more gas suppliers to head off a supply shortfall forecast for 2019.

APPEA Chief Executive Dr Malcolm Roberts said the report released today by AiGroup shows customers will pay a heavy price for government bans on developing new gas supply.

“Gas is no different to any other commodity – you restrict supply, you push up prices,” Dr Roberts said.

“We have the bizarre situation of State governments banning new gas projects and then complaining about higher gas prices.

“The Australian Competition and Consumer Commission, the Productivity Commission and a host of independent commentators all agree that stifling supply can only lead to higher prices.

“Yesterday, the ABS released data showing gas exploration is at its lowest level since 2005.

“Today, the AWU is calling for the Commonwealth to force Australian gas producers to tear up their contracts. We need billions in investment to unlock new gas supplies but the AWU’s approach would kill investment overnight.

“There is no shortage of gas which can be developed to supply all of our local and export customers.

“Just as our agricultural industries have the capacity to supply export and domestic markets, so does Australia’s east coast gas industry. Our LNG exporters are also the major suppliers to the domestic market.

“People concerned by the impact of higher gas prices on local customers should be arguing for the removal of unnecessary restrictions on developing new resources, not more heavy-handed regulation.

“The AiGroup report simply reinforces what APPEA has been saying for years – that gas customers will pay higher-than-necessary prices if restrictions on developing new gas projects continue.

Dr Roberts said it was ironic the AWU’s call for intervention to renegotiate export contracts came on the same day that domestically-focused Cooper Energy and the APA Group announced a \$605 million investment in developing the Sole Project to supply east coast gas market.

“Changes that increase the cost of exploration and production in Australia will place future investment – like that required for projects such as Sole – at risk,” he said.

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