Media Release

18 April 2017

More regulation, more sovereign risk will not deliver more gas

The gas industry is disappointed to see the Australian Industry Group advocate half-baked policies that would definitely shred the incentive for investing in new gas projects, and that even AiGroup concedes these policies may not be feasible.

"Calling for retrospective policy changes is a huge step for any business group," APPEA Chief Executive Dr Malcolm Roberts said.

"Suggesting government intervention to overturn contracts is almost unprecedented in Australia.

"There is no doubt that we are facing a tight east coast gas market. There is no doubt that the market needs more gas supply. But we must solve that problem by fixing the underlying causes rather than creating new problems.

"Forcing businesses to tear up the export contracts that have funded nearly all the new gas supply brought to the market over the last seven years will not help.

"Developing new supply requires massive investment – McKinsey & Co estimates up to $50 billion over the next 15 years.

"We must attract investment, not create sovereign risk for investors.

"Australia has ample gas reserves that can be developed to supply local and international customers. We need policies that expand supply rather than lock in scarcity.

"The last thing Australia needs are short-term policies that increase the regulatory burden on gas production – and therefore the cost to supply customers – and make new investment more risky.

"Today's tight market reflects years of policy and regulatory failure.

"Regulatory costs have escalated. Political bans and moratoriums have prevented new projects.

"Exploration has fallen to its lowest level in 30 years.

"More regulatory interventions, as advocated by AiGroup, will not solve these problems. Even AiGroup concedes that it does not know if its policy recommendations will work.

"Let's tackle the real hurdles for expanding supply rather than entrenching new hurdles."

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