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oil and gas industry

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Increased gas supply the real solution to meet demand

Measures announced by the Australian Government today to ensure domestic gas demand is met highlight that increased gas supply remains the most pragmatic response to ensuring competitive prices are available to Australian homes and businesses.

APPEA said the oil and gas industry would work constructively and collaboratively with the government on the proposed gas market reforms but warned against unintended consequences of market intervention.

APPEA Chief Executive Andrew McConville said the industry was committed to ensuring Australia continues to have a secure, sustainable and competitive natural gas supply for households and businesses.

"Sensible reforms can improve the efficiency of the gas market and its operation. But market interventions can adversely affect confidence in the oil and gas sector and discourage new market entrants and supply diversity. We will work closely with the government to ensure confidence is restored, not undermined," Mr McConville said.

"We have consistently highlighted that while governments may seek to intervene in markets for political purposes, there should be no illusion that intervention is without costs – not least of which that sovereign risk can adversely affect confidence in the sector."

Mr McConville said the government was right to highlight that measures already taken – matched by real action from industry – have worked to place downward pressure on gas prices and increase domestic gas supplies.

"The best way to put downward pressure on gas prices remains more gas supply. Eastern Australian gas users have paid a high price for unnecessary, unscientific restrictions on gas development in Victoria, New South Wales and, until recently, the Northern Territory," Mr McConville said.

"Removing these restrictions is the best way to ensure sustained gas supply. Some of the measures flagged in the Government's announcement today could bring increases in supply, but unless significant new supply can be brought to market, they may fall flat."

Both the ACCC and the Australian Energy Market Operator have confirmed there is enough gas supply to meet existing demand. But new resource development is needed to ensure continued supply and that gas can play its role in balancing the National Electricity Market as more intermittent renewable energy sources enter the market.

The oil and gas industry – which supports around 80,000 direct and indirect jobs – has in recent years committed billions of dollars in new investment to bring more gas into the market, supporting domestic gas consumption and gas export projects that are underpinning Australia's growth.

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