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MEDIA RELEASE – Gas Industry – Voluntary Code of conduct

The Australian Petroleum Production & Exploration Association (APPEA) has today provided a draft voluntary Code of Conduct for the gas industry to major customer representative groups for consideration.

APPEA Chief Executive Andrew McConville said the draft code incorporated the vast majority of requests made by manufacturers as well those arising from consultation with the Australian Competition and Consumer Commission (ACCC).

“The development of the Code sits alongside other gas market reform measures which has seen east coast domestic gas prices consistently drop over the past five years*,” Mr McConville said.

“It is critically important that our industry can continue to support the broader Australian economy through investment into the sector, while providing very reasonable and appropriate comfort to our industrial customers.

“The industry is committed to investing billions of dollars into the Australian economy, but this can only happen if there is stability and certainty in a market which is allowed to work freely and without the threat of ongoing intervention. The code is important in this respect.

“Given similar industry codes have taken 12 months to develop, it is notable that APPEA has been able to develop this in just five months and have a code that will ensure effective engagement between commercial and industrial consumers and suppliers of gas in the process of negotiating competitive outcomes for gas supply.”

Mr McConville said the draft Code contains appropriate domestic pricing methodology that reflect Australian costs, supply and markets, and establishes an Independent Code Arbiter.

“It also establishes a process for review after 12 months of operation and every three years thereafter,” he said.

“The Code also addresses all major recommendations made by the ACCC in its ten interim reports on the east coast gas market and it meets the ACCC’s own guidelines on voluntary codes.

“With gas prices at their lowest level since 2016, domestic customers consistently paying less than those overseas, more than 90 agreements to supply gas locally over the decade and an unmatched transparency regime, the Australian gas industry is well positioned to continue to drive economic and growth.

“This is not just supporting manufacturers but other industries such as mining, healthcare, infrastructure and transport, powering our homes and supporting regional development through new projects.

“All Australian industries are facing economic headwinds and in good faith, we have consulted and developed a Code that is appropriate, reasonable and minimises risk to future investment.

“We look forward to further engagement on the draft Code of Conduct.”



The Code excludes Western Australian producers who operate in distinct market and under a separate policy framework.

Background:

*According to Australian Energy Regulator (AER), the Wallumbilla hub spot price was \$5.81/GJ in Quarter 4 2020, which is 43 per cent (almost half) lower as compared to \$10.26 in Quarter 1 2017).

Media contact: Shaun Rigby on 0438 021 936.