



9 June 2022

APPEA STATEMENT ON FEDERAL GOVERNMENT REVIEW OF MECHANISMS

Attributable to APPEA Acting Chief Executive Damian Dwyer:

Australia's oil and gas industry will work constructively with the Albanese Government's review of the Australian Domestic Gas Security Mechanism (ADGSM) and renegotiation of a new Heads of Agreement (HoA).

But it is important to note that any changes must be carefully considered to maintain investment confidence in Australia.

The ADGSM has never been triggered, as the gas market has always been in surplus. This has been confirmed in eleven consecutive reports by the Australian Competition and Consumer Commission.

In addition, the industry has met all of its obligations under each of the three HoAs that have been in place since October 2017.

As the Government looks to review the ADGSM, it is important to note that Australia's oil and gas industry has been working with government already about how to resolve pressures in the energy system and we look forward to further discussions following today's announcement.

The industry has invested more than \$70 billion in the Australian economy to develop an onshore domestic and export gas sector in Queensland.

It is those companies, along with other APPEA members operating in the southern gas market, that have brought more gas to market in recent days to provide energy security, when coal outages occurred and when renewables proved unable to respond as required.

Encouraging further investment in gas supply in Australia is key and any changes that might be considered must factor this in. In particular, any proposed reforms must recognise the key role signatories play in the domestic market and the key trade and diplomatic relationships we have developed over generations with major trading partners in Asia.

Both of these mechanisms were carefully designed in consultation with the industry and have since undergone reviews. We look forward to being involved again, including in the renegotiation of the HoA, which expires on 1 January 2023.

Further, the HoA is an agreement between LNG exporters and the Australian Government and contains commitments provided by the government, including to advocate for the removal of state and territory-based gas exploration and development bans and moratoria and encourage jurisdictions to accelerate exploration and development. These commitments also need to be honoured in future agreements.

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