

# MEDIA RELEASE

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## White Paper surrenders energy advantage

Western Australia's peak energy user group says the Federal Government's Energy White Paper effectively surrenders Australia's competitive advantage in energy.

Despite a massive increase in gas production, Australian industry cannot secure long term supply at affordable prices. This is impacting manufacturing, value-adding and jobs.

Australia now has some of the highest domestic gas prices in the world at around \$8 - \$12 per gigajoule. This compares to just \$3.50 in the US and \$3.20 in Canada.

DomGas Alliance Chairman, Tony Petersen, said Australia's approach contrasts to the United States where a manufacturing renaissance was underway on the back of affordable gas.

"Affordable gas has driven some \$US 40 billion in new investment in the US chemicals industry alone, as well as other value-adding manufacturing like plastics, aluminium, steel and automobiles," Mr Petersen said.

"The US has taken a strategic approach on energy security and requires LNG exporters to prioritise the local economy."

"Canada also applies a national interest test on exports to ensure the domestic market is not disadvantaged in any way."

"It makes no economic sense for Australia to link our domestic gas prices to the world's highest prices in Japan."

Mr Petersen said the market has failed to deliver and governments must act in the national interest to ensure supply.

"Most of Australia's gas resources are now controlled by a handful of very large producers who think in terms of multi-billion dollar LNG contracts. Selling to smaller Australia customers will not happen voluntarily."

"These resources belong to all Australians. Simply saying 'Let the market work', as the White Paper does, is not in the national interest."

Australia is the only country in the world where international oil companies can openly access and export gas without prioritising the local economy.

It is also the only major gas producing country facing serious shortages and sharply rising prices.

The Alliance welcomed proposed changes to improve transparency and participation in the management of offshore retention leases. These changes were recommended six years ago in 2007.

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## The DomGas Alliance

The DomGas Alliance represents natural gas users, infrastructure investors and prospective domestic gas producers. The Alliance promotes security and affordability of gas supply.

Alliance members represent around 80 percent of Western Australia's domestic gas consumption and transmission capacity, and supply gas and electricity to the State's 800,000 households and 200,000 small businesses.



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