

MEDIA RELEASE

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17 June 2013



Australian businesses, consumers should come first

WA gas users have rejected many of the top-line findings contained in a new report on Australian gas policies.

The DomGas Alliance, which represents major users of natural gas, says the report, which has been compiled by the Grattan Institute, overlooks the fact that by 2017, Australian gas exports are expected to be a \$50 billion-a-year industry.

A spokesman for the Alliance said: "Competitively priced natural gas is one of the few advantages that Australia has to offer and which governments can help deliver.

"At a time when manufacturing is facing significant challenges, Australia's advantage is being lost overseas because major gas producers are focusing on maximising LNG exports at the expense of many Australian businesses and consumers.

"The report claims that too much gas could be forced into the domestic market in WA and that this could force prices down.

"In the current environment where gas is in short supply and prices for businesses and consumers are skyrocketing, having more gas in the market seems like a positive development, not a negative.

"The Alliance is strongly of the view that a reservation policy for natural gas has and will not discourage or lead to a distortion of the market – since WA introduced a state reservation policy in 2006, there has been sustained investment in gas exploration and production.

"Therefore, the Alliance flatly rejects the suggestion that WA's reservation policy should not continue."

The spokesman said the Alliance was also sceptical about what appeared to be a cursory forecast of gas reserves contained in the report.

"What risk analysis has been undertaken if the estimates prove not to be realised? What would it mean for Australia and for our energy independence and industry generally?"

However, the Alliance is pleased that the report advocates an end to the joint marketing authorisation by gas producers, which has been a characteristic in the WA market.

"This is the single biggest barrier to competition and clearly leads to higher gas prices," the spokesman said.

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