



### **ERA plays same old song on reservation policy.**

The DomGas Alliance says a renewed call by the Economic Regulation Authority to scrap the successful domestic gas reservation policy lacks credibility and could harm the State's economy.

The domestic gas reservation policy requires large oil and gas producers to reserve a small but fair share of our gas for the domestic market. The policy helps protect Western Australian jobs by ensuring our industry has access to the energy it needs.

Opponents of the policy claim that it destroys investment despite wide ranging evidence to the contrary. Despite this evidence, the ERA has called for the policy to be scrapped.

The DomGas Alliance submission to the ERA noted that after eight years of the successful operation of the policy:

- Western Australia reported record investment in new oil and gas exploration in 2013;
- Western Australia recorded record levels of LNG exports in 2013; and
- Investment in new projects in WA in 2013 was reported at \$116 billion.

The ERA final report states, "the ERA agrees with the three statements submitted by DomGas Alliance" but then extraordinarily chooses to dismiss this evidence in favour of its pre-existing views on the policy.

The ERA report quotes a submission from APPEA on behalf of oil and gas producers as saying "*Exploration budgets are linked to work program licence obligations, often in three or four year cycles. The impacts of policy decisions made today, for example, are often seen in the exploration sector three or four years later.*" Given that the policy has been in place for eight years, it is surprising that the ERA would be so easily dismissive of such strong evidence of record growth in investment, record exports and massive investment in new projects.

DomGas Alliance Executive Director Matt Brown said the final report attempted to patch over serious flaws of logic evident in the draft report.

"The ERA's key conclusion is that 'the costs that this policy imposes on the Western Australian economy far outweigh any benefits that it is believed to have'," Mr Brown said.

"As we pointed out with the draft report, the ERA has done no economic modelling which would support this conclusion, despite being urged to do so by its chosen consultant.

"Instead the final report appears to quote and rely heavily on a modelling report commissioned by oil and gas producers; despite the ERA itself warning about the shortcomings of modelling commissioned by vested interests in this debate.

“The ERA’s conclusion and recommendation to scrap the policy are simply not supported by any logical, credible argument. To the contrary, the ERA’s logic appears at times to be quite simplistic and contradictory.”

**For further comment contact Matt Brown on 0419 813 171.**