

WA left off Canberra's carve-up of gas supplies

Back in 1982, controversy erupted when performers at the opening ceremony of the Commonwealth Games in Brisbane were choreographed to form a human map of Australia.

Unfortunately the organisers forgot that Tasmania, which was left off the map, is part of Australia.

Federal Industry Minister Ian Macfarlane recently briefed the Eastern States media about an ambitious plan for what was reported as "a single national gas market".

This comes after Canberra's failure to act on warnings dating as far back as 2006 that the east coast would face issues of gas supply security.

With LNG exports set to commence from three new plants in Queensland, NSW now faces a severe shortage of gas by 2016, with thousands of jobs at risk.

Household gas prices have already soared and the prices that industry is being asked to pay have in some cases more than trebled.

This appears to be driving the idea of the so-called national gas market, which would be achieved by building a pipeline worth about \$1.3 billion to link existing pipelines in Alice Springs and Moomba.

This would allow gas from Darwin to be fed into an interconnected pipeline system to potentially service the entire east coast.

Tasmanians will be happy because the pipeline system extends to their State.

And with Inpex building a pipeline from the Browse basin off WA to Darwin and Santos looking to piggyback some of its nearby fields off it, gas from Browse could be traded into the Sydney market.

The map included with the media coverage showed an impressive array of pipelines linking the Northern Territory, Queensland, NSW, Victoria, South Australia and Tasmania.



Forgotten: Plan is to send WA gas east.

There was, of course, something missing. Western Australia.

Under this mooted "national" gas market, not a single molecule of gas would flow to our State. There is not even the pretence of there being a pipeline built to link WA to this national market.

Theoretically, gas from fields off WA could be sent to fix a shortage in NSW while our own domestic industry struggles to find gas to keep its operations going.

Thousands of jobs may be saved in NSW while thousands of jobs in WA remain on the line.

Back in 2006, our State government warned that "the issues facing Western Australia regarding the long term security of domestic gas supply are ones that will soon also be facing the Eastern States".

Canberra knew better and did nothing.

Now there is a mad scramble to solve a looming crisis in the politically important state of NSW.

This has an almost poetic political symmetry to it because our gas will follow our GST revenue eastwards,

being sent and spent for the benefit of other States.

Make no mistake, the idea of a national gas market has great merit and if the private sector wishes to build the identified missing pipeline it may prove a significant step forward in encouraging competition — on the east coast.

But from a WA perspective, it would be nice to be considered to be a part of the national energy challenge rather than just the place which can export the most gas and earn the most tax revenue for Canberra.

WA is the most gas-reliant State.

Our domestic industry and the jobs it provides for our mums and dads are just as important as those on the east coast.

The Energy White Paper currently being developed by the Federal Government must put Australian industry and Australian jobs first.

The WA experience is that you can have record investment in exploration and record exports of LNG while requiring oil and gas producers to meet their moral obligation to supply domestic industry.

Why not have a vibrant, profitable LNG export industry and have the social and economic benefits of a diverse local industry base?

Surely it is about striking a fair balance?

Unfortunately the signs to date are that Canberra remains in lock step with the major oil and gas producers' "export it all" mentality.

We have recently seen WA's Federal MPs start to buck the party line on issues such as the share of GST revenue, wheat industry deregulation and the carve-up of road funding.

They now have a new challenge to ensure our State is not left off the national energy policy map.

Matt Brown is executive director of the Domgas Alliance, which represents natural gas users, infrastructure investors and producers in WA