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New report confirms high gas prices are destroying Australian jobs

The DomGas Alliance says a new report on the East coast gas market has confirmed that Australian industry and jobs are being destroyed by rapidly escalating gas prices.

The report by the Australian Energy Market Operator shows that the supply gap for gas has narrowed but mainly because of demand destruction from higher prices.

The report notes that just 12 months ago domestic gas consumption had been expected to rise to 615PJ by 2033. The latest report now indicates this figure has dropped by around 30 per cent to just 425PJ in 2033.

The AEMO report bluntly states the reason behind the fall:

“Most of the change is due to a fall in industrial consumption across eastern and south-eastern Australian gas markets. **This is particularly the case in NSW and Queensland, where a number of large gas industrial consumers are closing. The NGFR anticipates further declines in industrial consumption due to expected rises in domestic gas prices.**”

DomGas Alliance Executive Director Matt Brown says Australian industry and workers are paying the price for poor policy leadership.

“This report has been presented by some as proof that the market is working to fix the supply shortage on the East coast created by LNG exports,” Mr Brown said.

“But the report is actually confirming that higher gas prices are destroying domestic demand, forcing industry to close and putting Australian workers out of a job. Western Australian industry is struggling with the same issues.

“So a gas rich nation like Australia is strangling domestic industry and putting local workers out of a job so that large gas producers can give priority to gas exports. The report notes that even with all of the recent export-focused gas development activity in Queensland, that State is still likely to face gas shortages into the future.

“The report also points to the serious climate change implications of the open slather approach to LNG exports.

“AEMO notes that shortages in gas generated electricity will be met by fuel-switching. So at a time when other nations are moving from coal-fired generation to gas, Australia is headed in the opposite direction.

“This report is just further evidence that Australia has got its energy policy settings wrong. We need a national energy policy that puts Australia’s interests, not the narrow self-interest of oil and gas companies, first.”

For further comment contact Matt Brown on 0419 813 171.