



Strategic thinking needed on LNG

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The Australian Financial Review's Peter Roberts is spot on when he says that using natural gas to fuel local industry or generate electricity delivers more jobs and opportunities than simply putting it on a boat ("Globalised gas pricing has local costs", Talking Point, January 30).

In our rush to overtake Qatar as the world's biggest liquefied natural gas (LNG) exporter, we have lost sight of the big picture - that Australia's manufacturing sector and 1 million jobs depend on a competitive advantage in energy.

This advantage is being lost as gas producers focus on maximising LNG exports. As a result, gas prices have tripled in Western Australia and doubled in Queensland.

Reports that gas producers are in talks to export Bass Strait gas through Queensland should ring alarm bells for SA, NSW, Victoria and Tasmania.

Australia needs big LNG projects for the investment they generate and as a source of energy. However, the massive increase in gas production in recent years has not delivered a better outcome for local industry.

With the right policies, Australia can have a successful LNG industry and a vibrant manufacturing sector.

Under Western Australia's gas reservation policy, the Wheatstone Project will supply domestic gas equivalent to 15 per cent of LNG production. For local industry, this means energy certainty over the 40 year life of the Project.

Energy is a vital strategic resource and not just another commodity. No government would agree to Australia's water reserves being shipped overseas at a time of drought, whatever prices Chinese or Indian customers might offer.

It is time we applied this same strategic thinking to Australia's natural gas.

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