

Media Release

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Has the NSW Government really called a halt to CSG expansion?

Recently Minister Roberts (Industry, Resources and Energy) responded to the final report of the Legislative Council's Select Committee on the cost of gas and fuel in NSW.

Two of the Committee's recommendations were about providing a transparent gas market in Australia. Unlike the electricity market, gas producers usually do not make public sale prices and the availability of gas for the local market.

One result of this secrecy is the Minister responsible for maintaining domestic gas supply has little idea of whether future supply will be able to meet demand. Minister Roberts has expressed his frustration about this in a number of public statements and the need for greater market transparency also features in the NSW Gas Plan. Nonetheless, this lack of key data has not prevented the Minister from somehow claiming that NSW will run short of gas.

Another consequence of market secrecy is that prospective purchasers are kept in the dark when negotiating future contracts and so are at a commercial disadvantage.

"This secrecy is likely to mean that consumers and business ultimately have to pay more compared to an open market" said David Hare-Scott, Vice President of Groundswell Gloucester.

Minister Roberts claims to have been a driving force in trying to achieve transparency but, despite agreement of the Commonwealth Domestic Gas Strategy, he cannot give unequivocal support for market transparency, only support in principle. His formal response contains reassurances of effort but no prediction of if, when or how the desired outcome might happen.

The NSW Gas Plan says that gas producers will be encouraged to volunteer their gas supply arrangements by awarding them Strategic Energy Project status.

Mr Hare-Scott said "The Minister seems to have forgotten that the only projects in NSW remotely near production, Narrabri and Gloucester, already have this status. The carrot has been given away and there is no sign of a stick."

This weak government response to the Committee's report is an anticipation of failure in the face of a powerful gas lobby that clearly has no intention of divulging such information unless it is compelled.

A major Committee recommendation is that the NSW gas industry should not expand until the recommendations of the NSW Chief Scientist and Engineer's review of CSG are fully implemented. This got unqualified support. The Chief Scientist's report is about to have its first anniversary and when asked by the Committee the Minister could not give a timetable for its implementation.

If the words '... before any expansion of the CSG industry in NSW ...' have their normal meaning that would mean no new gas field can go into production until the condition is met.

"Have Santos and AGL been told that they will not get a production license for their Narrabri and Gloucester fields until the Chief Scientist's report has been fully implemented? I look forward to finding out how the Minister will honour this commitment as it seems unlikely that he will freeze those projects indefinitely" said Mr Hare-Scott.