

## Federal Labor's gas market reforms

September 2018

On 3 September 2018 Federal Labor Leader Bill Shorten committed a future Labor government to several reforms aimed at increasing supply of domestic gas and putting downward pressure on gas prices.

Mr Shorten committed to establishing a permanent gas export control trigger to enact export controls when gas prices increase beyond a benchmarked price, along with a National Interest Test which would independently assess the merit of applications for new or significantly expanded liquefied natural gas (LNG) export facilities.

The plan provides additional powers to the Australian Competition and Consumer Commission (ACCC) to monitor gas prices and ensure competitive behavior and more transparency in the market.

The Federal Opposition will consult with manufacturers and industry on the implementation of the plan.

### Export control trigger

Under the plan a benchmark for wholesale prices and for the export control trigger to be enacted will be set by the ACCC. The ACCC's Gas Inquiry Interim Report from December 2017 set a benchmark price of between \$6.5/GJ and \$9.93/GJ.

### National Interest Test

A National Interest Test would be introduced to Federal Government's assessment of all new or significantly expanded LNG export facilities to ensure natural gas exports are in the national interest.

An expert panel, the Domestic Gas Review Board, would be appointed by the future Treasurer to independently oversee application of the Test.

The National Interest Test will take into account:

- the impact of a proposal on state and Commonwealth revenue and domestic gas users, including households and industry.
- a broad cost-benefit analysis, considering economic, strategic, social, regional, and industrial and employment impacts as well as the impact on the industry.

Following the Board's recommendation to the Treasurer, the government would determine whether any restrictions should be applied to the project.

Activity that would trigger the test would include: a new liquefied natural gas export facility; a significant expansion of an existing natural gas export facility; and a significant material expansion of supply, including from existing domestic supply, to an existing natural gas export facility.

Similar tests operate in United States and Canada.

### Industry monitoring

A future Shorten Labor Government will establish an expert panel, the Domestic gas Review Board to appointed by the future Treasurer to oversee the application of the gas export control trigger and the National Interest Test.



'Use it or lose it' provisions would be strengthened, ensuring companies develop gas reserves rather than passively delaying development and contributing to the constriction of supply.

The ACCC will be given extra powers to monitor gas prices, ensure competitive behavior, and create more transparency in the market.

**Further information**

For more information, please contact your Hawker Britton consultant [Simon Banks](#) on +61 419 638 587.

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