

Victorian Premier Daniel Andrews denies gas shortage, defending state ban on development



Daniel Andrews meets Malcolm Turnbull at COAG.

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Victorian Labor Premier Daniel Andrews has defended his state's ban on gas development, denying there is a national shortage and calling on Malcolm Turnbull to reserve supply for Australian households and businesses.

Speaking on the ABC's Insiders program, Mr Andrews repeatedly dodged questions on whether locking up gas reserves in Victoria had pushed up prices for consumers and argued the real problem was that Australian customers were being overlooked.

"The key point is this," he said. "Last year, 402 petajoules of gas — that's what was produced in Victoria. How much did we use? 206 petajoules. Put another way, enough supply for 7 million houses. We used three-and-a-half million houses worth."

"There is not a problem with supply. There is sufficient supply. What there is not though is sufficient political leadership from the Commonwealth and the Prime Minister because he is the only one who can get this done, to reserve our gas for our households and our businesses first." "What's left over, export it to whomever you want at whatever price you can get for it."

An Australian Competition and Consumer Commission analysis has forecast an east coast gas shortage of 55 to 108 petajoules next year, with one petajoule said to provide enough energy to power a regional city the size of Wollongong for a year.

The government has intervened to try and avert the shortage, obtaining an agreement from the major gas companies to meet the predicted shortfall and stave-off the need to activate the gas export mechanism announced in June to divert exports.

The deal has shifted the political battle over gas supply to the states with the government dialling up the pressure to try and encourage state governments in NSW, Victoria and the Northern Territory to ease their restrictions on gas development.

One of the options which is available to the Turnbull government is the use of the GST as a lever to encourage states to unlock their supplies. But Mr Andrews stood firmly by his state's restrictions, refusing to admit there were some areas where gas could be extracted without damaging the environment.

The Andrews government has banned fracking — a position supported by the state Liberal opposition — and extended a moratorium on the exploration and extraction of onshore gas by conventional methods until 2020. “We have fracking ban absolutely,” Mr Andrews said. “We are not going to smash up our prime agricultural land.” “Ultimately scientists and others should do this work. And that is the process we have put in place. They're working through that process carefully and in a considered way. That's the best approach. You've got to get this right.”

“(The federal government) hold the key. If they would just step up and reserve our gas for our needs and put a cap on exports. Export what we don't need. Don't have aus competing against the world for an essential service that comes out of our ground.”