

**Media release**

**26 August 2015**

## **Gas industry economic study just propaganda – with extra graphs!**

The latest economic report from gas lobby group APPEA adds to an already enormous amount of industry-commissioned 'research' which overstates the value of the gas industry to Australia and the Territory and downplays its environmental impacts and costs to other services.

The assumptions behind the economic modelling are unrealistic and the results have been put into press release form without context.

A key assumption is that eastern Australia is running out of gas and that:

*The NT is assumed to be the first to capitalise on the projected supply gap on the East Coast. As such, the NT is assumed to meet all of the expected shortfall in East Coast Gas supply over the long term.*

Unfortunately for NT gas producers this just isn't true. Research released today by the Melbourne Energy Institute shows that east coast gas demand forecasts have halved and could halve again.

(See *Switching off gas - An examination of declining gas demand in Eastern Australia*, <http://www.tai.org.au/content/switching-gas-examination-declining-gas-demand-eastern-australia>)

Another surprising assumption is that the North East Gas Interconnector (NEGI) pipeline will build itself. There is no capital expenditure assumed in the modelling for the NEGI pipeline.

"Not only are these economic claims based on dubious assumptions, but the results are reported without context," says Research Director at The Australia Institute, Rod Campbell.

"The claim that the gas industry will provide 'almost \$1 billion in government revenue' over 20 years ignores the fact that government revenue over this period will be over \$110 billion. Is it worth fracking the Territory for less than 1% more revenue?"

"Similarly, \$22 billion extra in GSP over 20 years sounds like a lot, but compared to the total of \$424 billion we might expect, it is just a 5 per cent increase. Even then, most of this money accrues to foreign owners of gas companies, not to Territorians."

"Gas is a capital intensive industry. At the last census just 158 people worked in the gas industry in the Territory. Claims that gas development could make 6,000 jobs in the Territory are not supported by ABS statistics."

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“Once construction is over gas is one of the lowest employing sectors in the economy. If governments are serious about promoting jobs, almost any industry is better than gas.”

“The Territory and Federal Governments should focus on priority areas such as education and health. Government gas subsidies, such as the \$9.2 million to the NEGI pipeline this year, take money away from schools and hospitals in the Territory, services which actually deliver for Territorians, not gas companies.

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