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TITLE: **Losing friends with an expanding gas export sector**

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The export gas multinationals are no friend of Australian manufacturing.

There is only one reason that the gas prices are set to at least double over the next few years – gas export companies will force Australian consumers to compete with the Asian market for gas.

That's the true cost of opening up coal seam gas mining and allowing gas from eastern Australia to be exported.

And no amount of drilling for more CSG will either secure the gas for domestic users or keep the price down.

The simple reason for this is that no matter how much gas is found, it can all be exported.

The gas export terminals currently under construction will have a massive capacity of 1637 petajoules. That's more than double all the gas we use in Australia at the moment.

But according to analysis done by Core Energy for the Australian Energy Market Operator, there are over 6000 petajoules of additional proposed LNG export facilities, enough to quadruple the export capacity currently under construction. These include several additional liquefied natural gas 'trains' at the existing Curtis Island facilities in Gladstone and new facilities at existing ports in Queensland and New South Wales.

The Australia Institute recently used AEMO gas demand and price projections to calculate the increased cost of gas to the manufacturing industry in the Gladstone region as a result of CSG exports. It found a massive cost of $2.9 billion over the next 10 years, to be paid by just a handful of manufacturers.

This is threatening the viability of these industries. We are effectively allowing multinational gas exporters to displace our manufacturing sector.

And it's not just as a result of the gas price. The gas expansion is also displacing manufacturing by keeping the Australian dollar higher than it would otherwise be, and creating a severe skills shortage.

You don't have to take The Australia Institute's word for this. The Arrow LNG project's own economic analysis acknowledges it would displace around half a billion dollars worth of manufacturing activity and around 1000 manufacturing jobs across Australia. And that's just one project.

What about the gas jobs we get in return? The gas industry employs fewer than 25,000 people across Australia. That's less than one third of 1 per cent of the Australian workforce, and a large portion of these jobs are simply poached from other industries, notably manufacturing.

The gas industry claims that its taxes and royalties are building schools and hospitals. The truth is that they are a very poor taxpayer compared to other Australian industries. Last year this extraordinarily profitable industry paid an astonishingly low 6 per cent corporate tax.

It is sobering to realise that even when the massive CSG export terminals are fully operational in a few years, they are expected pay only around $450 million per year in royalties to the Queensland government. That will make up less than 1 per cent of Queensland government revenue.

Is it really worth turning tens of thousands of kilometres of farmland into an industrial zone and doubling domestic gas prices for this?

Good economic management is not just saying yes to whatever the gas multinationals want. It's about managing the exploitation of natural resources in a way that takes the interest of our environment and most important long term industries into account. It's time that started to happen.

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