

# Gas lobby chief rips AGL, Origin, EA for gouging small customers

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The departing chairman of Australia's peak gas lobby group has lashed out at retailers like Origin, AGL and Energy Australia, saying the government should force more competition into their market [<https://www.afr.com/link/follow-20180101-p5butz>] to halt price gouging of small and middle-sized manufacturers.

Ian Davies, chief executive of domestic gas producer Senex who is leaving the Australian Petroleum Production and Exploration Association post next week, a year earlier than expected, says homes and small businesses reliant on gas retailing majors deserve greater transparency and reform of the retail market to ensure lower-cost gas.



Ian Davies, the Senex CEO, will pull the pin as APPEA chairman next week. **Oscar Colman**

In an opinion article [<https://www.afr.com/link/follow-20170101-p5bw8w>] for *The Australian Financial Review* on Wednesday, Mr Davies also slams critics such as Industry Minister Ed Husic for “simply blaming upstream gas suppliers for all of the economy’s woes”.

That stance, he writes, is “not only wrong, it is cynical, political and lazy”, and he warns that attempts to impose “draconian ‘price caps’” will only end up deterring “desperately needed private capital investment” in additional gas supply to the domestic market.

“Reform is hard. Australians deserve an honest conversation on improving the operation, transparency and fairness of our energy markets, not glib mud-throwing to a gas industry delivering so much.”

His comments come as the push for government intervention gathers pace and Santos CEO Kevin Gallagher slammed more than a decade of failed energy policy, which he said was a consequence of domestic “climate wars that have left us without a carbon price or the right market signals for energy and decarbonisation investment”.

“Right now, all Australian governments should have their shoulders to the wheel to get more gas developed to put downward pressure on prices for both the domestic market and to support our trade and investment partners in Asia,” Mr Gallagher said.

Resources Minister Madeleine King noted on Tuesday that the three exporters of east coast supply account for only 3 per cent of the entire east coast gas market.

“So there’s a wider problem here. We have to look at the other 97 per cent of the gas providers and what they’re doing around pricing and selling and contractual arrangements,” she said.

Mr Davies appears to lend support to Labor’s plans for greater regulatory transparency just as the government awaits a report from the Australian Competition and Consumer Commission.

While large industry “behemoths of manufacturing” have direct access to gas producers in the wholesale market and are responsible for their own risk management, he writes.

“They have enjoyed many years of low gas prices and have had many opportunities to lock in long-term, low-cost gas contracts.”

“They chose not to – presumably because they thought a better deal would come.

“This is their choice in a market-based economy.”

Smaller industry buyers, by contrast, were reliant on gas retailers.

“Gas retailers must provide competitively priced gas – charging \$25 plus per gigajoule, as reported, is not acceptable – especially when these retailers have a portfolio of lower-cost gas supply contracts themselves or are vertically integrated businesses taking advantage of their incumbent oligopoly or monopoly position.”

“Small industry gas competition and gas retail reform should be a priority action for government and the ACCC,” he says.

Mr Davies, who is overseeing a planned \$1 billion coal seam gas expansion by Senex in Queensland’s Surat Basin, informed APPEA last week that he would not renominate for a board position at next week’s annual general meeting. The move brings forward the end of his term from November 2023.

After five years as a director at APPEA and one year as chairman, the time was right to leave, he told the board.

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