

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2017 - 2018 Additional Estimates
31 May – 1 June 2017

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Prices if gas fracking is expanded

REFERENCE: Questions on Notice (Hansard, 1 June 2017, page 103)

QUESTION No.: BI-54

Senator WATERS: Has the Chief Economist modelled what would happen to prices if we expand gas fracking?

Senator Canavan: I might ask Mr Wilson.

Mr B Wilson: I cannot speak necessarily for the Chief Economist—

Senator Canavan: But I would say—and I will ask Mr Bradley to add—that we have obviously based these measures explicitly off the gas supplies opportunities outlook that the Australian Energy Market Operator publishes. That is in the Department of the Environment and Energy. I am aware that we are working with the department of energy on the mechanism we put in place for gas licensing. We have tasked the ACCC to get more information on domestic gas markets. A challenge here for us is a lack of transparency in the marketplace about contracts and prices. Explicit modelling exercises are difficult in that environment with a lack of data, but we are seeking to rectify that through those extra resources we are providing to the ACCC, and we will continue to work with the department of energy as we design this mechanism. Mr Bradley, do you want to add anything?

Mr Bradley: Explicit modelling, no. Most of our analysis was looking at export markets.

Senator WATERS: Can you provide some more detail on notice for me of what you are looking at in those analyses.

Mr Bradley: Sure.

ANSWER

The Office of the Chief Economist publishes projections for Australian gas production, Australian Liquefied Natural Gas (LNG) export volumes and values, and global LNG trade. These projections are published in Resources and Energy Quarterly. The Office of the Chief Economist has not modelled what would happen to domestic gas prices if fracking were expanded.