Opinion editorial: MD & CEO Brett Woods

Domestic gas policy must support long-term supply

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A domestic gas reservation does not create a single extra petajoule of natural gas and in fact risks forcing our critical resource to be stranded underground rather than powering Australian jobs, manufacturing and the economy.

It reallocates gas that already exists, and forcing the price below the cost of new domestic supply kills the investment that lasting affordability depends on.

In an opinion article published in *The Australian* on 7 July 2026, Manufacturing Australia argues that driving the domestic gas market into oversupply, through the forced sale of gas developed and produced by the LNG exporters from all across Australia, is good policy.

In reality, the currently proposed Domestic Gas Reservation Scheme forces a transfer of revenue from domestic focussed Australian gas producers to a small number of large wholesale buyers, the majority of whom are multinational companies which are foreign owned or run offshore operations.

Households and small business do not buy gas wholesale, so they do not get the benefit of a forced short term lower price before the inevitable shortfall as new domestic supply stalls amid uneconomical investment hurdles. Therefore, the perception that forcing short lived, unsustainably low gas prices into the east coast market will result in a sugar hit of lower energy costs for Australian mums and dads is also not backed by the evidence.

BlueScope has today attempted to use the Western Australian Government's reservation policy as proof the scheme can work but neglect to highlight key differences in the scheme. In WA, the domgas scheme reserves gas over the entire life of a project and requires good faith marketing not mandatory oversupply.

Beach has invested in the WA market and therefore can speak from experience.

Domestic producers, such as Beach Energy, have been supplying reliable, low-cost energy to Australians for more than 60 years. We have taken the risk in exploration, execution and production and have invested significantly in support of the East Coast and West Coast domestic market during the past decade in excess of $6 billion dollars. As an industry we have stood alone in our attempt to bring more gas and fuels to market dealing with progressive government intervention, a broken approvals environment, new taxes and anti-industry activism which has materially affected the cost of supply.

As a domestic focused producer, with Australian shareholders employing apprentices, trades people, scientists and engineers which delivers 100 per cent of its gas from southern basins to the east coast market, Beach supports the Federal Government’s objective of a reliable, affordable domestic supply of gas and the development of policies which support both the Australian energy and manufacturing industries.

Australian manufacturers already enjoy a significant competitive advantage on gas prices compared to their counterparts in Europe, Asia, and even many parts of the US. Recent international benchmarks show European industrial users facing prices well above A$20 per gigajoule equivalent, while Asian markets are similarly elevated.

Australia's domestic gas price ranks in the lowest quartile of OECD nations. Recent Rystad Energy analysis produced for the ACCC shows that the cost of marginal supply is expected to rise to about $13–14/GJ to underpin the new supply Australia will need in coming years. A price of $10 per gigajoule, as cited by Manufacturing Australia, through a forced reservation is a signal to stop investing in new projects and will leave southern basins under-developed. Wood Mackenzie analysed the gas costs of 13 of the largest industrial gas users on the east coast, which together generated almost $24 billion in revenue and $3.8 billion in profit last year.

It found that gas costs represent, on average, less than 5 per cent of total costs and that reducing the gas price for those facilities from $12 to $10 a gigajoule would lower their combined gas costs by less than half a percentage point.

Any future policies must acknowledge domestic producers do not have the benefit of an offshore market from the east coast of Australia to strengthen returns and offset risk capital - we are intrinsically linked to the costs associated in operating and employing people in the cities and the regions in which we operate.

Inflationary pressures that the manufacturing sector observes are the same pressure domestic producers feel. However, on a productivity basis the Australian gas industry is 16 times more productive than the Australian benchmark and therefore negatively impacting the industry will worsen the productivity of the nation and put further pressure on living standards.

To imply the scheme in its current form would have no impact on Australian domestic producers is naive at best. Extensive analysis by leading economics firms Kroll and Wood Mackenzie detail the significant detrimental impacts the current proposal would place on the ability for domestic producers to supply the east coast market. Specifically, Kroll warns it would choke southern projects by domestic producers and lead to less supply when it is most needed in winter peak days.

The Government must focus on policy that supports long-term reliable supply at affordable prices through a strong domestic gas industry.

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