MEDIA RELEASE

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Labor policy risks NSW becoming “the state of sovereign risk”

Metgasco is appalled by the policy announced by the Labor Opposition Leader, Luke Foley, which threatens to cancel or suspend indefinitely coal seam gas exploration licences in the Northern Coast if elected, and to do so without compensation.

Metgasco’s Managing Director, Mr Peter Henderson, said “The Labor policy increases the growing perception that NSW has serious sovereign risk. This can only discourage companies from investing in NSW, and not just in resources, as they know that commitments from government can be overturned at a whim, for political opportunism. Companies will take their funds and skills and go elsewhere. Investment requires government that - above all else - can be trusted.”

“This is nothing but a cynical attempt to buy votes to win NSW parliamentary seats, at the expense of Metgasco’s 5,000 shareholders, many of whom live in the Northern Rivers and who invested on the basis of policies of previous Labor and LNP governments. One can only wonder when the u-turn in Labor policy will apply to the Pilliga or Gloucester where other companies are developing coal seam gas and to other resource projects in NSW. Labor should know that NSW needs a gas industry, that the NSW Chief Scientist has confirmed that the gas industry can be managed safely, and that this policy is irresponsible.”

Mr Henderson said that Metgasco has operated in the Northern Rivers for more than 10 years under exploration licences approved and reapproved by both sides of politics. In doing so, it has identified large coal seam gas resources that are significant to NSW, as well as identifying exciting conventional gas potential. This has required the expenditure of $120M, which had been invested in good faith with the expectation that exploration rights would be respected.

It seems that the latest Labor policy does not respect validly awarded exploration licences and investments made in good faith, and places no importance on NSW’s energy supply, a farmer’s rights to say yes and on regional employment and development opportunities, particularly in the Northern Rivers.

Mr Henderson said governments can always change their minds but if they do so they should respect the rights of companies and the earlier representations made by government on which companies have relied, and negotiate compensation that is fair and reasonable. To do otherwise is to put NSW’s reputation at the same level of third world countries that seize property on a whim.

Mr Henderson called on both major parties to confirm their support for NSW consumers to have access to a reliable energy supply and preferably our own NSW supply.

“Rash decisions taken in the heat of an election campaign will have significant long-term consequences for the citizens of NSW as energy prices are driven up by a shortage of gas and confidence to invest is eroded. Already the government through its actions has hastened the squeeze on NSW gas supply. Opportunities have been lost or deferred over the last four years, with a government that has routinely penalised the industry with arbitrary and inconsistent regulations, stop-go-stop policies and unacceptably long and cumbersome approval processes. The government through its actions has effectively been anti-industry and we are disappointed that local politicians have not provided support for gas industry and the job creation and local energy supply that it can bring.”
Mr Henderson said that Metgasco remained keen to realise the value that it had identified in its exploration licences and to provide badly needed gas to the NSW community. He called on both major parties to take the lead by confirming to the community that the NSW gas industry is safe, regulated and necessary for a vibrant NSW.