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Australian pipeline prospects an international challenge

The development of an Australian national gas grid was being frustrated by economic regulators who created uncertainty for investors and operators, a global gathering of pipeline operators and users was told today.

Speaking at the International Pipeline & Offshore Contractors Association (IPLOCA) in Budapest, Hungary, the managing director of the Australian Pipeline Trust, Jim McDonald, said investor disenchantment and foreign companies exiting Australia was evidence that the current regulatory system was having a negative impact on the industry.

"The distraction provided by the economic regulators is particularly frustrating in view of the strong prospects for growth in natural gas demand," said Mr McDonald.

Mr McDonald was addressing the World Federation of Pipelines Industry Associations on behalf of the Australian Pipeline Industry Association. The World Federation of Pipelines Industry Associations is looking at the Australian industry model and considering whether the co-operation upon which the model is based might be a useful example for other national and international organisations.

Mr McDonald said that uncertainty in the Australian industry coincided with the introduction of the current regulatory regime, the National Gas Code, in 1997.

"A national market had begun to take shape as pipelines crossed state borders and gas was delivered to new industries and their communities. However the introduction of the code and its selective interpretation by regulators created uncertainty. Our economic regulators are highly interventionist and lack accountability and transparency," he said.

It is as a result of lobbying by the Australian Pipeline Industry Association that a review of the application of the National Gas Code to transmission pipelines is now underway by the Productivity Commission.

A full version of Mr McDonald's speech, to be delivered Friday EST, is attached.

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