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New acreage welcomed but trialling new restrictions unnecessary and risky

APPEA welcomes the latest release of acreage for natural gas exploration by the Queensland government but does not support the trial of restrictions on gas marketing.

“Producing more gas from Queensland fields is essential for both the LNG export industry and local customers. The best – indeed the only – way to put downward pressure on local prices is to expand supply,” said APPEA CEO Dr Malcolm Roberts.

“Over the last two years, the State Government has released about 11,500km² for exploration. Unlike other States which are playing politics with Australia’s gas supply, the Queensland government understands the urgent need to develop new gas reserves.

“However, APPEA is disappointed that the government has, for the first time, attached ‘Australian market conditions’ to the release of new acreage.

“While the government is clear that this is only a trial, and it will only apply to 58km², imposing restrictions is unnecessary and can only discourage development.

“Australian market conditions are unnecessary. Queensland’s LNG projects are the leading suppliers to the local market. Supply to domestic customers from the projects is upwards of two-thirds of Queensland’s demand. Customers do not need regulation to obtain gas.

“Experts such as the Productivity Commission and the Australian Competition and Consumer Commission have warned that governments intervening in the market risk killing the incentive to develop new reserves.

“Now is not the time to create regulatory uncertainty. Eastern Australia is facing a supply shortfall in 2019. Exploration has crashed to its lowest level since 1981. We need to see State governments striving to expand gas supply by releasing more acreage and cutting regulatory costs.

“To its credit, the Queensland Government is developing an action plan to boost local supply. The industry supports this initiative – and urges other States to follow suite.

“More acreage for exploration and lower regulatory costs will help bring new supply to the market. More restrictive regulations will not.”

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