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WA Resources sector strategy misses the mark

The voice of Australia's oil and gas industry has labelled the Western Australia Government's Resources Sector Strategy as a missed opportunity.

APPEA WA Director Claire Wilkinson said the strategy lacks any forward-looking initiatives or tangible objectives and does not acknowledge the critical role that a reliable and affordable supply of energy, particularly that of natural gas, will play in future resource developments.

"While we commend the Government's endeavour to have a strategy, it must be the right strategy," Ms Wilkinson said.

"This document falls short. Rather than providing industry with a clear understanding of the Government's priorities for the future, it is instead a collection of already-announced initiatives, most of which relate only to the minerals sector.

"We need a strategy that recognizes gas means jobs. We need a strategy that pulls the right levers so gas can continue to mean economic prosperity for our state and a cleaner energy future.

"Gas already generates over 60% of the electricity produced in WA, used in our homes, hospitals, and schools, and provides much of the power used by some of our biggest businesses and industries such as mines and minerals processing. We expect support for such critical areas of WA's economy to continue in the decades to come.

"In future decades, gas is well placed to support the growth of renewables, development of low emission technologies, and enable new energy sources such as hydrogen, but in some areas the policy settings are continuing to drag on WA's investment competitiveness where capital is needed to bring new gas supplies to market.

"It is a missed opportunity that the strategy does not focus on the future. Western Australia cannot rest on its successes of the past and must strive to have in place the right policy frameworks to attract investment and develop new supplies of affordable and reliable natural gas to underpin the rest of the WA economy.

"We would also like to see efficient regulatory processes between different WA government agencies to reduce duplication, and regulatory changes to enable low emission technologies such as greenhouse gas storage and hydrogen to be undertaken in WA."

Ms Wilkinson said these changes are vital as natural gas is also important in helping lower Australia's and indeed the world's emissions and is supporting the growth of renewable energy.

"There is an immense opportunity for WA to not only create jobs and grow our economy but to provide cleaner energy to the world," she said.

"The Australian government estimates our exports have the potential to lower emissions in LNG-importing countries by about 170 million tonnes of CO2 equivalents a year by providing an alternative to higher emissions fuels. That equates to almost a third of Australia's total annual emissions.



“This has had material impacts on exploration programs where HFS is required, with companies delaying their work programs whilst awaiting details of the regulations under which their activities will be assessed.

“These delays are costing the economy and costing jobs and reduce the attractiveness of WA as a place to invest when capital can easily find opportunities in other countries where costs are cheaper.

“A recent report by ACIL Allen stated that new gas supplies could support new developments in WA such as ammonia, urea, and methanol production, fuelling economic activity to the tune of up to \$10 billion in Gross State Product.”

The ACIL Allen report also found that business and public policy conditions were integral to the development of a downstream project using natural gas, influencing the “up front capital cost of the project in question, which impacts on the economics of the overall project.”

The report detailed that developing a project in WA was at least 20 per cent higher than the capital cost of a similar project in the United States, and at least 40 per cent higher than the capital cost of a similar project in Mainland China. This is despite WA having the lowest cost gas of all states and territories in Australia.

Ms Wilkinson said the industry looks forward to continuing to work with the McGowan Government to maximise the benefit to the WA community of affordable and reliable natural gas.

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