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Queensland should not pay for Victoria's inaction on gas

The oil and gas industry has welcomed Queensland Energy Minister Mark Bailey's strong endorsement of the State's liquefied natural gas (LNG) industry and its role in local gas production.

APPEA Queensland Director Rhys Turner said Minister Bailey's comments as reported in the Financial Review that – "if we hadn't created a huge export industry, the gas wouldn't be entering into the domestic market now" – showed that when it comes to the gas industry Queenslanders get it.

"The Minister's comments echo what many people in Queensland already know – that it took projects the size and scale of the large LNG developments to justify the outlay in capital expenditure to develop the gas fields in the first place," Mr Turner said.

"The idea that if the Queensland LNG export industry did not exist that there would be enough gas to go around is incorrect. Without the export industry, this gas would have simply remained in the ground."

Mr Turner said that as the Minister pointed out, another positive flow-on effect of the LNG program is that the gas extracted can also be sold into the domestic market.

Only last week, Shell Australia's Country Chair, Mr Andrew Smith stated:

"Shell's QGC business will sell over 75 petajoules (PJs), net of domestic gas purchases, into the domestic market this year, which represents over 10% of east coast demand and 40% of Queensland's demand."

(Shell Australia, Media Statement, 9 March 2017)

"The sad reality is that – despite many years of warnings – politicians in New South Wales and Victoria have failed to act to secure their own future gas supply by enabling the development of projects in their own states," Mr Turner said.

"We have the absurd situation where the Victorian Government, supported by the Victorian Opposition, has effectively banned all forms of gas extraction in that state.

"The south-eastern states are now seeking to penalise Queensland for having the foresight to develop a world-class natural gas sector that is delivering for the generation, manufacturing and domestic gas markets."

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