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Tightening WA domestic gas policy risks further development

In the most challenging market conditions facing the Western Australian economy for a generation, the WA Government's decision to place restrictions on the development of a potential new energy resource runs counter to the Government's COVID-19 recovery plans of stimulating the economy and creating jobs.

APPEA's WA Director Claire Wilkinson said: "As we look to the post-COVID-19 recovery, all responsible development, including of WA's onshore natural gas resources and the economic activity and jobs it provides, should be encouraged, not stifled.

"A recent APPEA survey showed 89% of members surveyed have deferred project investment as a result of COVID-19. Today's announcement by the WA Government serves only to reduce investment confidence even further.

"Development of gas resources takes many years to assess, explore and appraise, costing many millions of dollars in investment before it is even clear if a resource is commercially viable to develop.

"Cutting off a potential market for any gas developed is a sure way to signal that WA is not open for business. Worryingly, there was no industry consultation on this sudden change to the domestic gas reservation policy.

Ms Wilkinson said: "WA's domestic gas market has been well supplied for many years, with locally focussed developments bringing significant gas supplies into the WA market.

"At the same time, export focussed projects have brought significant economic wealth to the state, and the country, and underpinned further domestic gas development.

"The policy settings were already bringing gas to market that WA needs, so this added restriction may actually do the opposite to what the Government expects and will reduce future gas developments. In short, a project that could be viable if developed for both the domestic and export market may not be commercially viable if developed for the domestic market only.

"One of WA's advantages is its abundant natural gas resources – which has underpinned much of our economic growth and prosperity in recent decades and provides over half of WA's energy requirements.

"Natural gas provides electricity for our schools and hospitals and powers mines to develop the mineral resources that contribute hundreds of millions of dollars a year in royalties to the state.

"It is extremely concerning that with a flick of a pen, and not as much as a discussion with industry, that the future prosperity natural gas can provide would be put at risk."

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