

Queensland natural gas

A plan for economic
and energy security



australian
energy
producers



Acknowledgement

Australian Energy Producers acknowledges the Traditional Custodians of Country throughout Queensland and their knowledge in caring for land, water, and community. We pay our respects to ancestors and elders – past, present, and emerging.

Introduction

Natural gas is critical to Queensland's economic prosperity, energy security and our net zero emissions future.

By working closely with governments and the community, the natural gas industry continues to be one of the state's great success stories. Bipartisan support has underpinned the industry's ability to drive economic activity and growth, delivering high-paying jobs and supporting communities, while ensuring energy security for Queenslanders, the nation and our key trading partners.

The upcoming Queensland election is a key opportunity for the next government to support the investment in natural gas required to drive long-term economic and employment growth, while ensuring reliable and affordable energy at a time when cost-of-living pressures are front of mind.

With growing demand for natural gas and looming gas supply shortfalls in southern Australia, investment in Queensland's gas sector has never been more important.

Australian Energy Producers has developed a strategic plan that recognises the importance of natural gas to deliver reliable and affordable energy through the net zero transformation, while supporting energy security and decarbonisation for our region.

By prioritising these policy actions, the government can attract investment in new gas supply and realise Queensland's full potential for economic growth and job creation, while safeguarding the revenues that fund schools, hospitals and essential services.

Keld Knudsen

Queensland Director, Australian Energy Producers

Importance of natural gas industry to Queenslanders



Queensland's natural gas keeps the state running

Natural gas is a vital energy source, supplying more than half the state's primary energy needs. Queenslanders rely on gas every day to generate electricity, for cooking and hot showers, and as a heat source to manufacture everyday products like glass, aluminium and bricks. Queensland is fully self-sufficient in our gas supply.



Natural gas is essential for Queensland's net-zero future

Natural gas is critical as the reliable partner to back up renewables in power generation when solar and wind are unavailable. The flexibility of gas helps reduce emissions (about half the emissions of coal in power generation) while maintaining energy security.



Queensland's gas industry is an economic powerhouse

The gas sector supports 67,600 Queensland jobs and in 2023–2024 directly spent \$3.9 billion with 3,477 Queensland businesses. The state's second most valuable export industry – liquefied natural gas (LNG) was built in just over a decade, and today, gas exports from Gladstone generate billions of dollars in government revenue to fund essential services such as schools, hospitals and police.



Providing energy security and decarbonisation in our region

The success of Queensland's LNG sector is also supporting energy security and emissions reductions in our region by replacing more emissions-intensive fuels such as coal.



Boosting gas supply to ease the cost of living

As coal-fired generation retires, demand for natural gas is forecast to grow significantly. Investment in new supply to meet this demand is critical to put downward pressure on prices and ensure households and businesses have reliable and affordable energy.



Gas facts



\$3,900m
annual spending
with 3,477 Queensland
suppliers (2022–2023)
2,003 (58%) businesses
based regionally



\$65,000m
spent with
Queensland
businesses
2011–2023



67,612
jobs across
Queensland's
value chain
(direct and modelled
average 2011–2023)



20%
of Queensland's
primary energy
needs (2021–2022)
used in homes, power
generation, manufacturing,
metals, and transport¹



\$22,400m
in LNG export
revenue
2023–2024²



\$2,416m
in revenue to
local and state
governments
2023–2024³

¹ 2024 Australian Energy Update.
² About the Queensland Economy – Queensland Treasury (Year to June 2024).
³ Queensland Treasury and Australian Energy Producers data.

A plan for economic growth and energy security

Our strategic plan outlines five key policy actions.



1. Leverage Queensland's natural gas to put downward pressure on prices.



2. Improve regulatory efficiency and remove barriers to boosting natural gas supply.



3. Protect the environment while delivering for Queensland.



4. Support stable fiscal and royalty policy.



5. Incentivise and support low emissions technologies.



1. Leverage Queensland's natural gas to put downward pressure on prices

For decades, Queensland's competitive advantage has been reliable and affordable energy, primarily supplied by coal and gas. With the transition away from coal-fired power generation, natural gas will be increasingly relied upon as the reliable back-up to growing shares of renewables in delivering secure and dispatchable power.

Gas is a major source of energy for the manufacturing sector, providing direct heating and feedstock to make products that we rely on every day, including building materials (bricks, aluminium and glass), fertilisers and chemicals. As energy regulators and independent authorities warn of looming gas supply shortfalls, it is crucial that policy settings are in place for industry to have confidence to invest in new gas supply.

Discovering and unlocking new gas supply provides more royalties and more jobs for Queenslanders, while putting downward pressure on prices for households and businesses. A range of measures should be adopted to support investment in the next generation of gas supply, all the way from exploration to production, to ensure a pipeline of new investment in natural gas.

Actions



The Queensland Government work with the Australian Government to ensure gas policy considers the critical role Queensland gas will continue to play in delivering energy security and emissions reductions.

Permanently fund an expanded Exploration Grants program to drive more gas supply.

Allow for 'over the counter' exploration applications in greenfield areas and release land in areas of high prospectivity annually, to provide a pipeline for exploration.

Undertake a strategic review of energy infrastructure and commit to assisting the development of new pipelines to open up more supply.

2. Improve regulatory efficiency and remove barriers to boosting gas supply

A world-class industry requires a best practice regulatory system that delivers the certainty and stability that is critical for investment confidence.

Approval delays and regulatory uncertainty stand in the way of delivering new gas supply that is urgently needed, not only to keep the lights on and put downward pressure on prices but also support a skilled local workforce.

Queensland's gas industry supports a robust regulatory framework with clear objectives that are underpinned by transparent administration and consultation. International capital markets are shifting towards jurisdictions with regulations that support timely and certain approval processes, while minimising any impact on the environment.

Due to its comparative advantage as being politically stable, well-regulated and sustainable, with a highly skilled workforce, Queensland can further position itself as a preferred destination for global capital investment and reliable international supplier of LNG.

Actions

Undertake a comprehensive end-to-end review of businesses costs, including timeframes and delays, to identify and reduce regulatory burden.

Use State Development Areas (SDAs) to promote best-practice development for gas resources to promote economic development in Queensland.

Implement statutory timeframes and update regulatory frameworks to provide investor certainty.

Remove the requirement for five-year development plans under the *Petroleum and Gas Act 2004*.

Investigate legislative tools that would seek to prevent vexatious challenges against critical or strategic energy projects.

3. Protect the environment while delivering for Queensland

Australian Energy Producers and its member companies are strongly committed to comprehensive environment protection practices as an integral part of industry operations.

The industry seeks to continually improve its performance to minimise potential environmental impacts. The Queensland Government can adopt a range of actions to protect the state's unique environment while allowing responsible and sustainable development.

Consistent with advice from the ACCC Gas Inquiry (June 2024), Queensland should "remove moratoria on new gas developments and take a case-by-case approach to assessing new development proposals."

Actions

Heed the ACCC's advice and implement proper risk-based controls with location-specific planning and environmental assessment and approval processes.

Overturn the bans on new oil and gas in the Cooper Basin region.

Implement a bilateral agreement to reduce duplication in water regulation.

Develop an Environmentally Relevant Activities (ERAs) standard for production activities.

Target opportunities for streamlining, including through standard model conditions.





4. Support stable fiscal and taxation policy

Queensland is home to a globally significant LNG export hub that is critical to the energy security of key trade partners, including China, Japan and South Korea.

In a time of global economic uncertainty, fiscal stability is paramount for safeguarding jobs in Queensland's gas sector. The state has been successful in fostering an oil and gas industry that supports tens of thousands of jobs, thousands of small businesses and is responsible for billions of dollars of investment in Queensland every year.

However, capital is global and mobile, and flows to where it is welcomed and encouraged. Queensland's royalty and fiscal policies must be competitive with other countries and jurisdictions to ensure the state takes full advantage of the benefits and opportunities of the new energy economy.

Actions

Commit to maintaining the current fiscal settings and royalty rate to improve certainty and encourage investment.

Work with local governments to address their underlying revenue needs in return for mandated limits on rate increases.

Make the Queensland Government's 'Guideline on equity and fairness in rating for Queensland local governments' mandatory.



5. Incentivise and support low emissions technologies

Australian Energy Producers supports net zero across the economy by 2050, consistent with the objectives of the Paris Agreement and the commitments of the Australian Government.

The industry already applies a price signal to emissions.

Developing critical clean energy technologies such as carbon capture and low-carbon hydrogen helps reduce emissions at the lowest cost to the economy.

It also diversifies supply chains, leverages a greater range of existing skills and infrastructure, manages risks and complements broader climate change mitigation efforts in Australia.

Actions

Adopt a technology-neutral, emissions-intensity focused approach to climate policy that maximises economic outcomes for all Australians.

Actively promote opportunities for low-carbon hydrogen and carbon capture and storage (CCS) in Queensland.

Remove the blanket ban on carbon capture and storage in the Great Artesian Basin to enable carbon storage in depleted oil and gas fields, subject to rigorous environmental assessments and protection of water resources.

Research a system-wide approach to least-cost emissions reduction.





australian
energy
producers