

14 February 2025

Hon David Janetzki MP
Member for Toowoomba South
Treasurer, Minister for Energy and Minister for Home Ownership
GPO Box 611
BRISBANE QLD 4001
treasurer@ministerial.qld.gov.au

Dear Treasurer,

RE: 2025-26 Queensland Pre-Budget Submission: Natural Gas – Essential for Queensland's Prosperity

Queensland's natural gas industry continues to be one of the state's great success stories, driving economic growth, creating highly-skilled and high-paying jobs, supporting regional communities and ensuring energy security for Queenslanders and our key trading partners.

Since 2011-12, the industry has spent \$65.8 billion in goods and services with more than 3,135 Queensland businesses - 58 per cent of those in regional parts of the state. This investment supports 4.1 per cent of the Queensland economy and 67,612 jobs annually. Landholders have received more than \$1.18 billion in access agreement payments, while the government has collected \$6.95 billion in royalties, with \$4.7 billion expected over the next four years.

Queenslanders rely on natural gas every day to power their homes, for cooking, hot showers, and as a feedstock and heat source for manufacturing. Natural gas will remain an important reliable partner to back up renewable power generation when wind and solar are unavailable.

In contrast, the east coast of Australia faces potential gas shortfalls from 2027 due to market interventions, regulatory delays and declining exploration. Without new gas projects, these shortfalls will impact households and businesses with likely higher energy prices and potential blackouts.

The 2025-26 Queensland Budget presents an opportunity to recognise the important role of natural gas to deliver reliable and affordable energy. It will also send a strong signal to the investment community that Queensland is open for business.

Our budget recommendations:

1. Commit to maintaining current petroleum royalty rates for this term of Government, providing certainty for the industry's \$4 billion annual investment in Queensland;
2. Work with local governments to address their underlying revenue needs in return for mandated limits on annual rate increases;
3. Permanently fund the frontier exploration grants program to fast-track gas supply. Consider over-the-counter applications in frontier areas. Extend the royalty deferral and

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repayment agreement that is available to mineral projects to frontier petroleum exploration;

4. Work with the Federal and other State governments to reduce the risk of damaging gas market interventions. Bilateral agreements and strategic assessments with the Federal Government provide the most immediate opportunities for streamlining;
5. Commission a 'cradle to grave' assessment of regulatory approvals. Determine the optimal level of resources for these assessment processes to run efficiently;
6. Revitalise the Queensland Exploration Program. More petroleum releases send an immediate investment signal;
7. Introduce balanced requirements that protect the environmental values of the Lake Eyre Basin floodplains while also considering local economic, social and cultural benefits;
8. Queensland should investigate least-cost, technology-neutral pathways for Australia's energy transition that provides a level playing field for natural gas and carbon capture, utilisation and storage (CCUS).

These actions are described in more detail in [Queensland natural gas: A plan for economic and energy security](#), as summarised below:

- **Supporting Stable Fiscal and Taxation Policy.** Fiscal stability is crucial for Queensland's gas sector, especially given its significant LNG export hub. Competitive royalty and fiscal policies are essential to attract global capital. The current royalty regime should be maintained for this term. Unjustified local council rate increases also pose a risk to industry viability and future investment.
- **Improving Regulatory Efficiency.** A world-class industry needs a best-practice regulatory system that fosters investment confidence. Approval delays hinder new gas supply, impacting prices and jobs. Queensland should streamline regulations, taking a case-by-case approach to new developments, as recommended by the ACCC. Strategic environmental management, like bilateral agreements, should be pursued.
- **Incentivising Low Emission Technologies.** Australian Energy Producers supports net zero by 2050. Developing clean energy technologies like CCUS and low-carbon hydrogen is vital. AEMO's Integrated System Plan highlights the importance of using gas as a backup for renewables.

By prioritising these policy actions, Queensland can attract investment in new gas supply, encourage economic activity and realise the state's full potential.

Yours sincerely,



Keld Knudsen
Director Queensland