

ROBBIE KATTER

Member for Traeger



MEDIA RELEASE

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QLD GAS POLICY A FAILURE OF NATIONAL PROPORTIONS

State Government attempts to claw more royalties from liquid natural gas (LNG) producers is too little, too late, and the introduction of a Gas Reserve Policy is the only way to rectify the harm caused to the Australian gas market, State KAP Leader and Traeger MP Robbie Katter has said.

Mr Katter said Queenslanders were sold a lie in 2009 when then-Labor Premier Anna Bligh opened up Queensland LNG resources to export, claiming at the time the state would rake in \$850 million in royalties annually.

She had pledged half this money towards a "future fund" to be spent in schools or on individual trust funds, with newborn babies to each receive between \$7,800 and \$9,500 to spend on education and training after the age of 18.¹

This policy has never eventuated, and LNG royalty revenue has consistently fallen far short of what was initially predicted - in 2017-18 the revenue was worth only 29 per cent (\$184m) of the \$636 million that was forecast in the 2014-15 Budget.²

Mr Katter said that using inflated estimates of royalties to sell the LNG export industry to Queenslanders was a devious ploy that had ultimately put entire industries at risk and cost jobs.

"When the LNG export industry came on-line with no Gas Reserve Policy, the domestic gas price effectively doubled in 12 months," he said.

"This tightened the noose on existing gas-consuming industries and shut the door on new investment.

"Mount Isa remains a stark example of the negative impact of high gas prices.

"Our base load electricity is 100 per cent produced from gas and the wholesale cost of power is at least double what it would be if we were connected to coal-fired power and cheap renewables supplying the east coast grid.

¹ 'State misses out on \$850m LNG royalty payday'. The Observer. December 27, 2016.

<https://www.gladstoneobserver.com.au/news/state-misses-out-on-850m-lng-royalty-pay-day/3126527/>

² 'Queensland gas royalties a mere 30% of promised returns'. Lock the Gate Alliance. June 12, 2019.

https://www.lockthegate.org.au/queensland_gas_royalties_a_mere_30_of_promised_returns

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“At the end of the day, for all the disruption to farmland and producers, for the destruction of competitive gas prices right across Australia and the erosion of industry, Queensland has made on average \$50-100 million a year in LNG royalties.

“This is a drop in the ocean and shows what a complete failure successive governments have been at managing this industry,

“In comparison, the coal industry is worth about \$4.26 billion to the state this year, and we have single mining operations in Mount Isa that pay \$100 million in royalties.”

Mr Katter said the introduction of a Gas Reserve Policy, coupled with the completion of the Copperstring 2.0 Project, could be the answer to the state’s crippling gas and power prices.

In the 2019-2020 Queensland State Budget, Treasurer Jackie Trad announced petroleum and gas royalties would rise from 10 to 12.5 per cent.

Mr Katter said the hike was akin to putting a plaster on a broken leg.

He said it was startling that industry experts were warning of a ‘gas supply crisis’ in Australia when so much of the valuable resource was being exported each year to Asian nations such as China and Japan.

“This is a true economic failure on behalf of our governments - exports are excellent for the economy but we should be using our energy to drive value-adding activities like manufacturing and minerals processing,” he said.

“Successive governments have put the interests of multi-national energy companies ahead of job growth and economic opportunities for Queenslanders.

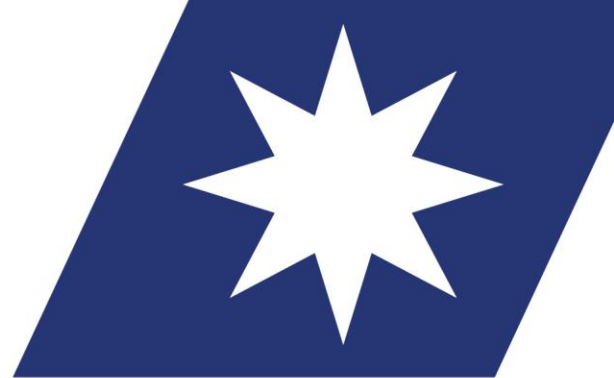
“It is becoming increasingly obvious that government inaction on the gas market will see industry and commercial operators close because they can’t afford their gas bills.

“Our households and commercial operators are being slogged when it comes to electricity and gas prices and it seems no-one is stating the obvious.

“The free marketeers have delivered to us a complete disaster here, and we need our governments to wake up and smell the fumes.”

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Despite the abundance of gas in Australia, local industrial and commercial operators currently expected to pay around \$10 a gigajoule for gas.

According to AGL Energy, this is roughly three times the historic figures and more than double the price of gas from four years ago when it was around \$4 a gigajoule.³

Mr Katter said a Gas Reserve Policy in Queensland, and Australia, was well-overdue.

“Pretty much every major gas-producing country around the world has a Gas Reserve Policy, of course with the exception of Australia,” he said.

“Western Australia is the only Australian state that has such a scheme set up, reserving 15 per cent of its annual LNG production for local use, which is beneficial but manifestly inadequate.

“I would like to see Queensland mandate a reserve that at a minimum matches Western Australia – at least it’s better than nothing, which is what we have now.”

Mr Katter said a new report by Energy Economics and Financial Analysis (IEEFA) had outlined how the introduction of Gas Reserve policies in Australia could achieve substantial reductions in both gas and electricity prices for consumers.⁴

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³ ‘Years of high gas prices ahead’. The Australian Business Review. June 19, 2019. <https://www.theaustralian.com.au/business/mining-energy/years-of-high-gas-prices-ahead/news-story/2db1efc70141f708a97fe630248d62ae>

⁴‘Enough is enough’: Domestic gas reserve may be only answer to high gas prices. Renew Economy. July 9, 2019. July 9, 2019. <https://reneweconomy.com.au/enough-is-enough-domestic-gas-reserve-may-be-only-answer-to-high-gas-prices-15009/>