



Speech by


## Hon. Stirling Hinchliffe

MEMBER FOR STAFFORD

Hansard Thursday, 12 May 2011

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### GAS SECURITY AMENDMENT BILL

 **Hon. SJ HINCHLIFFE** (Stafford—ALP) (Minister for Employment, Skills and Mining) (8.00 pm), in reply: First of all, I want to thank all honourable members for their participation in this debate. As we heard during the debate, the Gas Security Amendment Bill seeks to achieve the following key outcomes: enable the establishment of a gas short-term trading market for the state to improve market access and competition; promote increased gas use and provide greater pricing transparency; provide a legislative framework to implement a prospective gas production land reserve policy if supply constraints to the domestic markets are identified; remove the ambiguity relating to ownership of easements obtained by the Coordinator-General for purposes such as the construction of petroleum pipelines; improve the administration of petroleum tenure legislation for making an application for a petroleum lease application and for transferring exploration authorities; preserve the arrangements agreed to by the Queensland government for the economic regulation of the Carpentaria gas pipeline; provide consistency across resources legislation by aligning the lodgement requirements of royalty returns; and clarify elements of the Queensland government's Collingwood Park State Guarantee. I want to acknowledge the opposition's support for this bill.

The emergence of a significant liquefied natural gas export industry in Queensland has been a feature of a number of contributions during the debate. Indeed, it has generated a need to introduce new measures, including those in this legislation, designed to enhance competition and promote transparency in the state's gas market. The Queensland government is committed to ensuring the realisation of the economic benefits of that LNG industry. This bill not only supports important state development projects, such as the construction of pipelines within the Callide Infrastructure Corridor as well as the ongoing operation of the Carpentaria gas pipeline; it also goes further and takes the necessary steps to ensure security of supply for gas users and facilitates a reliable, competitive and secure natural gas market for Queensland.

There is no doubt that the emerging LNG industry will bring benefits to Queensland including potential private sector investment of up to \$40 billion and up to 18,000 direct and indirect jobs across the upstream and downstream elements of that industry, as mentioned by the member for Gladstone. Queensland is well positioned in the global market, with LNG providing an important low-emission transitional fuel as countries around the world, including Queensland's key export markets in Asia, move towards lower carbon sources of energy. I note that the member for Gaven understands that distinction. While I recognise that the issues raised by the member for Gladstone about the broader industry impacts across Queensland are vital and important and ones that government must understand and continue to work with proponents and communities to respond to, to be clear, they are marginal to this legislation itself. I understand that this has been a good opportunity for the member for Gladstone to reiterate her community's concerns about those issues.

This legislation helps put in place a strong framework to help guide the development of this industry for all Queenslanders. I note the Leader of the Opposition's clear support for the industry. He has put that on record again. At times I have been a bit worried about how that has wavered, but he has been clear on that again tonight. I want to clearly make it very well understood that this government supports the minerals

and resources industry here in Queensland—a vitally important industry—and, in particular, the sunrise opportunities of the CSG-LNG industry. We understand the need to balance it with the agricultural, environment and social impacts that have been spoken about by members during their contributions tonight.

Let me come to some of the details of the legislation in summary. The bill will implement a key initiative of the Ministerial Council on Energy—that is, a gas short-term trading market, or STTM. The commencement of an STTM demand hub in Brisbane, scheduled for 1 December 2011, will not only improve market access by allowing gas users to sell unused capacity back into the market but will also provide enhanced pricing transparency through its use of day-ahead public notifications of gas prices. The STTM is a positive step towards promoting infrastructure investment to support further growth in Queensland's gas market and, as a by-product, providing further certainty for manufacturing industries in this great state.

The bill will achieve security of gas supply for Queensland by providing for the prospective gas production land reserve, or PGPLR, policy to be implemented. The PGPLR policy will allow gas exploration and production tenure over certain areas of the state to be conditioned to require that any gas produced from the tenure is supplied to the Australian market rather than overseas LNG customers. The need for a PGPLR will be determined through the annual gas market review process overseen by the Queensland Gas Commissioner. I note the acknowledgement by the member for Redcliffe of Kay Gardiner as Queensland's first Gas Commissioner, someone who has undertaken that role in a very efficient and effective manner. The policy will only be enacted if projections indicate that there will be insufficient gas resources available to service demand from both the domestic market and the LNG export industry.

In the last few weeks we have seen some major developments in Queensland's LNG industry that are very relevant to this debate. We have seen APLNG signing a deal with Sinopec to provide LNG to China for 20 years, as mentioned by the member for Gaven. We have also seen—and he might want to pick this one up for his next essay—BG signing an agreement to provide Chubu Electric Power Co. in Japan with LNG for 21 years. This highlights potential conflicts between international and domestic markets which this legislation anticipates and provides a response to. This government understands the need to act to ensure there is sufficient supply in the domestic market to meet demand.

The shadow minister for mines asked how long it takes to reverse a decision to apply the gas production land reserve policy. I want to make it clear to him that the decision to reverse restraints on declared land would be made by the government in consultation with the Gas Commissioner. I can assure him that it can be implemented by the department very quickly. There is no restraint, other than an administrative restraint, on how quickly that can be done. It is flexible and responsive to the circumstances that the market dictates at the time.

The bill also provides certainty for proponents seeking permission to enter the land within Coordinator-General easement areas, such as the Callide Infrastructure Corridor. The amendments clarify that, in circumstances where the Coordinator-General has obtained an easement over land for state development purposes, the Coordinator-General as the easement holder—not the landholder—is the only party who may grant permission to proponents to access this land for pipeline purposes. These amendments will not exclude the requirements of the pipeline licence holders to operate and abide by the requirements of the land access framework including, as I clarified with the member for Gladstone, a continuing obligation to give notice to occupiers and owners under the existing section 495 of the Petroleum and Gas (Production and Safety) Act 2009.

Further amendments to the petroleum and gas act will clarify the administrative requirements for holders of an authority to prospect under the Petroleum Act 1923, transitioning the authority to prospect to the PG act. The amendments will also provide certainty for applicants in relation to the type of information that is required to accompany an application for a petroleum lease at the time of lodgement.

While I am on my feet, I want to acknowledge the concerns of the member for Bundamba and particularly the importance of the measures around the Collingwood Park State Guarantee. I acknowledge her representations over a long period of time on behalf of the Collingwood Park community. I note the member's questions about the current CSIRO investigation. It is important that we get the science right in order to best inform the future of the Collingwood Park community. So I know that she will understand and her community will understand that we need to concentrate on getting this right and getting this information together in the most appropriate way in order to inform our next steps. While patience might be required with science from time to time, science is still the best outcome and we must stand by that.

As the House knows, the member for Bundamba is a renowned advocate for her community, and I think she was joined tonight by that former Goodna Eagle the shadow minister in speaking up for the Collingwood Park area. I was an Aspley Devil. I would not have wanted to come up against the Goodna Eagles. I think we would have been in trouble.

In conclusion, I take this opportunity to acknowledge the officers of the Department of Employment, Economic Development and Innovation, the Office of the Queensland Parliamentary Counsel and other departments who have contributed to the development and coordination of this bill. I particularly want to acknowledge the policy work done by the Minister for Energy and Water Utilities in relation to these amendments and all members who have contributed to the debate. I commend the bill to the House.