Speech By

Robbie Katter

MEMBER FOR MOUNT ISA

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MOTION: ENERGY INDUSTRY

Mr KATTER (Mount Isa—KAP) (6.01 pm): I move—

That this House acknowledges the market failure in the gas market precipitating the loss of Queensland industry's competitive advantage from low-cost energy, and further support a gas reservation policy or similar legislative framework as a mechanism for restoring Queensland industry's competitive advantage particularly in processing and manufacturing.

Last week I counted up that I have spoken about this issue in parliament 12 times, which is probably a record on any issue for me. It is a very acute issue in the north-west minerals province. We have a massive problem—and that is just a case in point out there—nationally and in the gas industry in Queensland. The domestic economic activity associated with this industry is hampered by a market that is broken. The LNG industry was painted as being the saviour of the Queensland economy. In 2010 the Bligh government predicted that the LNG sector would deliver $850 million a year in royalties. In May 2012 the honourable treasurer and now Leader of the Opposition said that 'growth for Queensland's forecasts remain upbeat, driven for the time being by record investment in LNG projects'. In May 2015 the Premier said, 'There is no doubt that the establishment of the LNG export industry in Queensland is a generational achievement.' There is validity—except maybe the first point by the Bligh government—in these comments.

We must acknowledge some of the benefits of this industry, but we must also weigh up the costs against the benefits of this industry. Since the birth of the Queensland LNG industry there have been a number of stakeholders talking about the risks. In 2012 a report by the National Institute of Economic and Industry Research outlined the risk as follows: 'The benefits from exporting LNG should be weighed against the benefits of ensuring competitive supply to the domestic gas-dependent manufacturing sector.' 'Even a temporary period without secure access to domestic gas would have significant unintended consequences, as would a shift to LNG-linked gas pricing.' 'For each dollar gained in LNG export, $21 is lost from domestic industries.'

That was the forecast then. People in the mines in the north-west minerals province were used to paying $3 to $4 a gigajoule before the onset of this industry. I know of one mining company which made an offer of $12 a gigajoule. It could not even get supply at $12 a gigajoule. They said that they could not afford that anyway, but even if they could they could not get supply. That is because they built three LNG plants. There should have been only one. Now they are ripping every bit of gas that is available in through those plants to make them viable. It was left to the open market when it should not have been, and now we are picking up the pieces. The Prime Minister is saying that he is going to do something now. It could be too late, but we should still be acting. As I said, I have outlined the risks to local industry in this House on at least 12 occasions since 2013. There have been numerous calls from major user groups and individual businesses. Perhaps they do not have pockets as deep or a voice as strong as these large multinational gas companies.

In 2015 the government had to slash its royalty forecast from LNG by $400 million. In 2016 the chairman of the ACCC, Rod Sims, said that there is something perverse about an environment where international oil and gas prices have plummeted but domestic gas prices have been rising. Here we are in 2017 with domestic gas prices at least doubling in the last five years from $4 a gigajoule to $10 a gigajoule, and there is anecdotal evidence from large industrial users in North Queensland that prices are up to $15 a gigajoule on month-to-month contracts.

There is no doubt that the LNG industry has provided some benefits to Queensland, and I do not want to downplay that. Hundreds of millions of dollars in royalties flow to the government and significant infrastructure has been developed, both of which are positives. However, the policy priorities have been mismanaged and short-term gains were preferred over long-term economic benefits. The north-west minerals province alone offers $310 million a year in royalties and in the order of $3 billion, I think it is, in economic activity every year. That is all at risk because of the price of gas. The north-west minerals province is an isolated energy supplier which is 100 per cent reliant on the price of gas. Since we did not build the transmission line, we have an undersupply of gas and an oversupply of generation on the coast which could have been turned around by that. It is absolutely paramount for economic development in this state that we have a gas reservation policy.