

GAS SUPPLIES — SECURITY FOR FUTURE SUPPLIES

276. Mr P. PAPALIA to the Treasurer:

Can the Treasurer inform the house what the state government is doing to secure future gas supplies for Western Australia?

Mr E.S. RIPPER replied:

The events of last week vindicate the Premier's focus on securing domestic gas supplies for Western Australia's energy future. The Premier took that stance amidst some controversy and some criticism. It is important that we reserve 15 per cent of liquefied natural gas project resources for domestic gas purposes. We are doing that, for example, in the \$10 billion Pluto project. All new onshore LNG projects will be subject to this domestic gas requirement.

Mr T. Buswell: But what are you doing now?

Mr E.S. RIPPER: I am talking about the future. I am talking about planning for the future.

Mr T. Buswell: When will that gas be available?

Mr E.S. RIPPER: I am saying that it was a good thing that our Premier took on this issue and began to make those plans for the future.

Several members interjected.

The SPEAKER: Order! I call to order the Leader of the Opposition, the Deputy Leader of the Opposition and the member for Darling Range.

Mr E.S. RIPPER: The domestic gas reservation policy is only one part of that plan. We are working with all stakeholders, and the commonwealth government, on selecting a common-user LNG processing hub in the Kimberley. All LNG producers that use that hub will be subject to the state's domestic gas reservation policy. The task force is well advanced in the site selection process. There is considerable industry interest in that process. It is also being supported by the federal government. That will be an important buttress for the domestic gas reservation policy.

However, there are other elements to our program to secure future supplies of domestic gas. We have supplies of so-called tight gas in the south west of Western Australia. The Department of Industry and Resources has recently released significant new acreage for exploration and development of tight gas. We are also working with gas developers on tight gas technologies for application in Western Australia.

Another issue with regard to mobilising gas supplies for domestic purposes is retention leases held by proponents who have so far not shown a sufficient interest in developing those resources. We have been lobbying the federal government about the need to review retention leases with a view to facilitating faster development. We are supported in that position by the federal Minister for Resources and Energy. Eighteen retention leases are currently under review by the joint authority that is administering offshore retention leases.

We are also seeking to change the gas specifications for the Dampier to Bunbury natural gas pipeline to meet national standards. If we adopt national standards, that will enable gas from BHP Billiton's Macedon field to be fed into the domestic gas system. Before we do that, we need to make sure that there will be no safety implications for small gas users of very old-fashioned gas appliances. We are investigating the number of appliances on our system and the impact, if any, of changed gas standards on the operation of those appliances. A lot of initiatives are being undertaken to secure our future gas supply.

Gas is not the only story. We have a considerable reliance on coal. It is interesting to note that two new coal-fired power stations are currently under construction. They are private sector power stations, and they are being built because of this government's electricity market reforms.

Finally, I draw members' attention to one much smaller element of our energy supply, and it is a very important element now as we deal with this gas shortage—that is, liquid fuels. It is excellent that in 2004, despite enormous criticism from the opposition, this government expanded liquid fuel capacity at power stations in Western Australia. That gives us an element of security that we would not have now if we had followed the opposition's advice.