

AUSTRALIA LNG PTY LTD, EXPORT CONTRACT

523. Mr J.B. D'ORAZIO to the Premier:

I refer to the recent \$25 billion liquefied natural gas export contract won by Australia LNG Pty Ltd. What are the prospects for Western Australia's building on that contract?

Dr G.I. GALLOP replied:

I am sure that the Speaker will be very interested in a research report which was released yesterday by the Australian Bureau of Agricultural and Resource Economics and which indicates that the prospects for liquefied natural gas in China are very good. The report is entitled "Natural gas in Eastern China. The role of LNG" and forecasts a highly promising outlook for exports of LNG to China. The report proposes a number of optimistic scenarios for further opportunities for gas exports. They are based on the high demand for energy for domestic and industrial purposes, the high cost and economic uncertainties of bringing domestic Chinese gas supplies on stream and the lessening dependence on coal as an energy source due to environmental considerations. Policy changes in China are likely to favour the use of LNG. ABARE's least optimistic assumption estimates that LNG demand could reach eight million tonnes in 2015, while the most optimistic estimate claims that demand could reach 14.8 million tonnes in 2015.

Western Australia is very well positioned for the supply of LNG to China, because the North West Shelf joint venture, with the support of the Western Australian and Australian Governments, succeeded in winning the contract to China's Guangdong Province. As I noted in the report that I gave to the Parliament following my last trip to China when I met with the joint executive officer in Shenzhen, the pipeline that the Chinese are building as part of that project is being built to allow for more gas in the future. I also indicated that 11 customers in China had already said that they wanted more gas on the basis of the price that had been offered by Australia LNG. We already knew that the pipeline that the Chinese were building could take more gas. The price we proposed means that we are hopeful that the three million tonnes agreed to in the contract will be added to in the future. The report by ABARE indicates that this will be an even bigger market than that. We want the Australian industry to be involved, and I will certainly be promoting it as part of my work as Premier.

On the question of the State working well, I also inform the House of the work currently being done by my tourism minister.

Mr C.J. Barnett: Where is he?

Dr G.I. GALLOP: He is in Europe.

Mr R.F. Johnson interjected.

The SPEAKER: Order, member for Hillarys!

Dr G.I. GALLOP: Yesterday, the tourism minister met Max Mosley, the President of the Fédération Internationale de l'Automobile in London. My apologies to my high school French teacher for that pronunciation. Mr Mosley and the tourism minister confirmed that everything was in place for the Australian round of the FIA World Rally Championship to continue to be held in Western Australia. This is positive news for Western Australia. Of course, we hope it will go smoothly to the final ratification. Knowing the Minister for Tourism as I do, he will have plenty to say about this and the comments of the Opposition when he returns to Western Australia.