

DOMESTIC GAS SUPPLY — RESERVE

**662. Dr D.J. HONEY to the Premier:**

I thought that the Premier might be having a flashback on that last alarm, which I think is the dive alarm!

I refer to the Premier's comments in this place and in national media outlining the benefits of the 15 per cent domestic gas reservation policy, and also the most recent Australian Energy Market Operator gas statement of opportunities, forecasting a gas shortage for Western Australia between 2024 and 2027.

- (1) With the current issue of restricted coal supply at Collie and the risk of one or both mines being shut down, which would require more gas-fired power, will WA businesses be left with an energy cliff due to insufficient local gas supplies because the full 15 per cent of reserved gas is not available?
- (2) Will the Premier act or direct his ministers to secure the gas supply and ensure the 15 per cent reservation policy is delivered in full?

**Mr M. McGOWAN replied:**

- (1)–(2) Obviously, there is a transition going on in the energy market in Western Australia, as indeed around the world. We announced a little while ago that by the end of this decade we would expect there would be no more coal fired or coal usage by the state government for power generation and the like. We will have moved to renewables, with gas as the balancing backup mechanism for our energy market. That transition will take place over the next eight years. The member might recall that when he was running in the last state election campaign, he said that it would happen over the next two to three years. Ours is a more managed transition to get us to that point. The Minister for Energy is working with coal companies to make sure that we have enough power over the hotter summer months and that we have enough coal to meet our needs whilst this transition takes place. In terms of gas, we have put in place the gas reservation program—a Labor government did it 16 years ago. It has meant that there is much more gas available now than there otherwise would have been. We will continue to work with gas companies to make sure there is enough gas available.

The member might not know this, but during the negotiations for the Scarborough gas project that I conducted as Minister for State Development, Jobs and Trade in 2020, the state secured the 15 per cent supply from the Scarborough project, which is coming forward. It is the same with some of the other projects out there, including the Chevron projects and, as I recall, the Pluto project, going back some years. That is the position. Obviously, we are in a much better position than any other state in Australia. They do not have any reservation policies. The governments over there are in a bit of a diabolical state. The federal budget is predicting a 50 per cent on average increase in power prices over the next couple of years. The states do not have certainty of supply, because they export without any certainty of supply for the domestic market. They are facing a pretty dire situation. Obviously, we are different and we are separate; we are not part of the national electricity market because of distance. That is a very fortuitous thing. We also did not sell off the power utilities, as the Liberal Party wanted to, which puts us in a good position as well.

It is hard to comprehend what is going on with the New South Wales electricity market. It is hard to comprehend how it works and the extraordinary increases in prices that are applied to consumers because of the way that market works. I recall that when the New South Wales Liberal government sold it off, it said that would fix the state debt problem. It is now at \$130 billion of debt and climbing. Its deficits are \$15 billion to \$20 billion a year. In other words, it sold off its assets and then blew its debt. Obviously, in this state, the Liberal Party blew the debt and its plan was to sell the assets. Fortunately, we came to power, we reduced the state's debt, we got the state back to surplus and we have a much more reliable and affordable electricity system than the other states.