



Department of  
**Jobs, Tourism, Science  
and Innovation**

# Western Australian (WA) Government response to the WA Gas and Downstream Opportunities Study

August 2021



# Contents

<b>1. Background .....</b>	<b>2</b>
<b>2. WA Government response .....</b>	<b>2</b>
2.1. Response to WA Domestic Gas Policy recommendations.....	2
2.2. Response to infrastructure support recommendations .....	3
2.3. Response to project facilitation recommendations.....	4

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The Western Australian Gas and Downstream Opportunities Study (July 2021) was prepared by an independent third party and does not necessarily represent the views of the Western Australian Government.



# 1. Background

The Western Australian (WA) Government welcomes the WA Gas and Downstream Industries Opportunities Study (the Study).

The Department of Jobs, Tourism, Science and Innovation engaged the services of ACIL Allen Consulting Pty Ltd. (ACIL Allen) to undertake the independent study which investigates opportunities and barriers for establishing new gas consuming industries in WA.

WA is already one of the world's largest producers of liquefied natural gas (LNG), supplying 12 per cent of global LNG exports and 57 per cent of Australia's LNG exports in 2020.

Market modelling included in the Study shows there is gas available in WA to support opportunities for investment in new downstream gas processing industries, including urea, methanol and ammonia.

The Study was a priority initiative of the LNG Jobs Taskforce. Announced by the Premier in 2018, the taskforce brings together industry, government and unions with the shared vision of establishing Western Australia as a global LNG hub, creating opportunities for investment, innovation and new jobs in the industry.

The full report is available for the public to view at [WA.GOV.AU](http://WA.GOV.AU).

## 2. WA Government response

The Study includes 19 key findings and ACIL Allen has developed 7 recommendations for consideration by the WA Government across the areas of gas availability, project ready industrial areas, government assistance and project facilitation services.

The WA Government welcomes the findings of this report, particularly in relation to the availability and price of gas which are adequate to meet the needs of gas-based downstream industries. In August 2020, the government updated the *WA Domestic Gas Policy* to ensure gas is available for economic and industrial development in the state. It will continue to work with the gas suppliers and downstream gas processing project developers to ensure that Western Australia is able to leverage its competitive advantages, leading to job creation and economic development outcomes.

The WA Government notes the Study's consideration of the interface between climate change policy and new gas processing projects. JTSI will continue to work through the LNG Jobs Taskforce's Technology and Decarbonisation Working Group and the Renewable Hydrogen Unit to identify opportunities for proponents to meet their net-zero targets.

The following response represents the WA Governments ongoing commitment to foster a diverse economy that delivers secure, quality jobs across a broad range of industries. Further announcements in relation to the recommendations of this study are expected to be made following due consideration.

### 2.1. Response to WA Domestic Gas Policy recommendations

The *WA Domestic Gas Policy* requires LNG exporters to also make gas available in the local market. LNG exporters comply by entering into commitments to reserve gas, having supply infrastructure in place and market gas in good faith to local consumers and project developers.



ACIL Allen's stakeholder consultation and analysis suggests that more clarity on obligations to market gas in good faith, and providing more transparency for buyers, can improve the efficiency of the gas market and help foster new downstream gas consuming industries.

The WA Government agrees with the need to better define expectations and assessment of marketing in good faith by commitment holders in order to ensure gas is brought to market. It is working with domestic gas commitment holders to improve evidence of marketing in good faith through compliance monitoring processes. The WA Government will also work with industry to define expectations of 'bona fide' consumers and marketing in good faith, especially in regard to greenfield downstream gas processing projects.

The WA Government is consulting with industry on an annual statement, which will outline how much gas available under policy commitments and what has been supplied. Broader gas market transparency measures will be part of these consultations.

The *WA Domestic Gas Policy* prevents export of gas via the WA pipeline network other than in exceptional circumstances. ACIL Allen recommend that the WA Government formalises an approach to allowing prospective domestic gas developments to access spare capacity in LNG export facilities in exchange for supplying gas on terms which support the development of downstream industries. This recommendation can be considered as part of development of criteria to guide the assessment of approvals to export via the WA pipeline network.

## 2.2. Response to infrastructure support recommendations

The study found that there are opportunities for the Western Australian Government to assist proponents with project development through:

- making 'development ready' land and common user infrastructure available for access by downstream industry project proponents in Western Australia's strategic industrial areas; and
- formalising its approach to providing capital support for heavy industry projects.

In June 2021, the Western Australian Government's Industrial Land Steering Committee released a 10 Year Industrial Land Strategy with the aim of providing recommendations on the priority infrastructure and regulatory process improvements required to unlock industrial land across Western Australia over the next decade, including strategic and general industrial areas and technology parks.

The strategy was prepared in collaboration with the Western Australian Government departments of Jobs, Tourism, Science and Innovation; Planning, Lands and Heritage; Primary Industries and Regional Development; Transport; and DevelopmentWA, and was presented to Infrastructure Western Australia to assist with the preparation of the State's first Infrastructure Strategy in 2021.

The Western Australian Government is also working towards the practical implementation of new funds announced in March 2021, to be available for developing industrial projects including:

- the \$50 million Industrial Land Development Fund. It is expected to be available for developing land that is 'development ready' around Western Australia, including in regional general industrial areas. Funding would be available to deal with issues such as power and water services, road infrastructure and environmental approvals for land within the Industrial Land Authority estates.
- the \$100 million Investment Attraction and New Industries Fund. This is intended to attract new investment into projects that will create local jobs across Western Australia and further diversify our economy.



## 2.3. Response to project facilitation recommendations

The study recommends as a matter of priority that the Western Australian Government should update all relevant major project facilitation documents which are available to prospective project proponents, to reflect the contemporary approval processes and help proponents seek the right level of support from relevant Western Australian Government department(s).

The Western Australian Government announced a series of new measures to accelerate action to streamline approval processes and further regulatory reform to aid economic recovery post the COVID-19 pandemic, drawing on Streamline WA's existing work with industry on more effective regulation.

The Department of Jobs, Tourism, Science and Innovation has also revised the Lead Agency Framework to better reflect the case management assistance provided to proponents. The Lead Agency Framework guidance note was released on 30 June 2021, and is available on the Approvals WA website.

The Department of Jobs, Tourism, Science and Innovation will build additional capacity to analyse and negotiate gas-related approvals and commitments as well as look for opportunities to develop synergies between its lead agency, project facilitation and *WA Domestic Gas Policy* functions to support new downstream gas industry development in Western Australia.