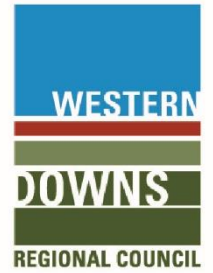


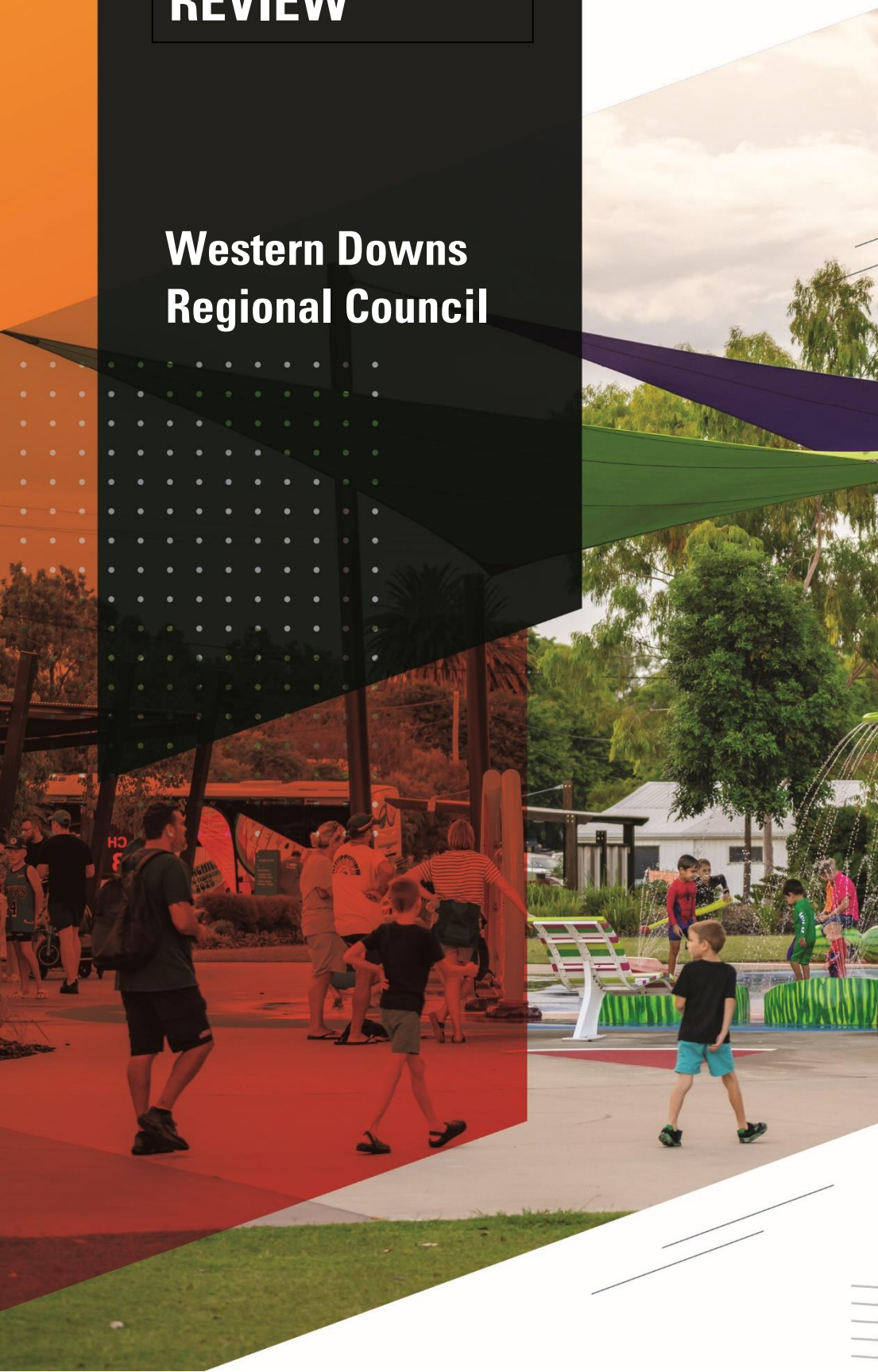
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GAS MARKET REVIEW

Western Downs
Regional Council



22 August 2025

Sent via email: gasmarkets@dcceew.gov.au

Dear Gas Review Team,

RE: Gas Market Review 2025

The Western Downs Region Council ("Council") oversees a vibrant local government area spanning 37,937 square kilometres, serving a diverse population of approximately 35,000 residents. Our region thrives on a robust foundation of agriculture, intensive agriculture, energy, and manufacturing industries. These sectors are bolstered by a rich and diverse workforce, including a significant number of migrant employees, who contribute to the social and economic fabric of our community

We sincerely thank the Federal Government for undertaking the Review, which is of strong interest to our region. We commend the Federal Government for its commitment to ensuring Australia's households' and businesses' energy needs are supported by functioning markets and regulatory frameworks. Nonetheless, we have identified opportunities to further improve the Bill and ensure optimal outcomes for regional communities.

Council's submission includes seven (7) considerations including the adoption of a Western Australian style gas reservation policy, the reduction of regulatory burden on producers through consolidation of existing policy instruments, increased transparency in the EOI process, centralisation of pricing and uncontracted supply information on a single online portal, and the use measures other than command-and-control price capping to manage market volatility. These considerations aim to enhance the Review and are based on Council's deep knowledge of the Western Downs region, industries and population and are aligned to Council's long-established advocacy priorities. We believe that the insights provided will offer valuable contributions to the review process and help shape policies that foster growth and inclusivity in regional areas like ours.

For any further information or questions, please contact Lidewij Koene-Sloss, Economic Development Manager via email lidewij.koene-sloss@wdrc.qld.gov.au or phone (07) 4679 4526.

Yours Sincerely,

Jodie Taylor
CHIEF EXECUTIVE OFFICER

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About the Western Downs Regional Council

The Western Downs is located on the Darling Downs, approximately 207 kilometres north-west of Brisbane and 83 kilometres north-west of Toowoomba. The region encompasses the centres of Dalby, Chinchilla, Jandowae, Miles, Tara, and Wandoan, covering nearly 38,000 square kilometres. Combining country lifestyle with modern living, excellent retail offerings and conveniences, the area is home to a population of around 35,000 people and has a large working age population of 60.9% aged 15-64 years.

Built on agriculture and thriving in the intensive agriculture, energy and manufacturing industries, Western Downs Regional Council is focused on making our region a great place to live, work, visit and invest and to ensure our future generations have the opportunity to do what they love whilst enjoying a regional lifestyle and continue the strong economic growth of the region.

Council manages Australia's second largest road network with highways leading into the region including the Bunya, Leichhardt, Warrego & Moonie, an extensive water, gas, and sewage network, and one of Australia's largest cattle saleyards. Located in the heart of the resource rich Surat Basin, the Western Downs has a diversified energy portfolio with five pillars of energy generation: Coal, Gas, Ethanol, Wind and Solar cementing our reputation as the Energy Capital of Queensland. This contributes to the region's strong economic growth, investment, and consistently high employment with a GRP of \$5.28 Billion.

Council's five-year [Economic Development Strategy](#) (2023 to 2028) addresses critical issues and clearly articulates a strategic pathway for the Western Downs to diversify and grow its economy, building on the region's competitive advantage and further attracting business and investment in value-adding opportunities and emerging markets.

The Economic Development Strategy focuses on five key pillars:

- **Jobs & Skills** - The Western Downs workforce is growing, optimised and fit for the future.
- **Liveability & Infrastructure** - The Western Downs is equipped with modern infrastructure and quality essential services across the region to enable liveability and wellbeing, whilst sustaining population growth.
- **Population** - The Western Downs demonstrates population growth to meet workforce demands.
- **Productivity & Innovation** - The Western Downs is a recognised leader in agribusiness, energy and manufacturing, and local productivity continues to increase.
- **Sustainability & Resilience** - The Western Downs is future-proofed for a changing climate and transitioning economies, and circular economy principles are stimulated.

This strategy aligns closely with the Council's [Corporate Plan](#) and supports one of Queensland's most progressive [Planning Schemes](#) which is committed to attracting and enabling development, ensuring the Western Downs is a diverse region at the forefront of the changing world.

Executive Summary

Western Downs Regional Council ("Council") welcomes the opportunity to provide a consultation submission and contribute to the Review.

At the outset, Council commends the Federal Government for its policy ambition, to ensure Australia's households' and businesses' energy needs are supported by functioning markets and regulatory frameworks. It is a principled objective, and one that aligns with Council's own strategic commitment to regional economic development and the continued vibrancy and liveability of our communities. Nonetheless, we have identified areas that will need to be considered to not cause adverse impacts to regional Australia.

This submission is drawn from Council's longstanding advocacy positions, stakeholder consultation, and deep knowledge of the region, industries and communities we represent. While Council agrees with the aims of the proposed Review, we have included seven specific areas for consideration in this submission to ensure the Bill meets its objectives in the regions. These considerations are aimed to support the implementation of a policy framework supporting a functioning energy sector and the ongoing affordability and availability of gas to Australian businesses and households.

Council is committed to working with the State and Federal Governments to ensure that we can continually strengthen, build and diversify the Western Downs economy, while continuing to improve the quality and spacious lifestyle our residents love so much.

Considerations

Council has listed seven (7) considerations for the Federal Government. These are summarised here:

Supply, Security and Trade

Consideration 1: Council recommends the Federal Government to review the different instruments (ADGSM, Gas Market Code and Heads of Agreement) and consider whether these can be streamlined to reduce regulatory burden, improve clarity and facilitate compliance.

Consideration 2: Council values stability and certainty for Australian consumers and investor confidence to our regional industries. Council requests the Federal Government to

consider and investigate a (prospective) domestic gas reservation policy for the east coast to support stability for long-term supply and a central location for gas market data. The efficacy of this policy has been demonstrated in Western Australia which does not experience the degree of gas commodity volatility as the East Coast.

Consideration 3: Council is concerned that command-and-control pricing policies introduced when developing new instruments or reforming existing instruments may have adverse market effects and may negatively impact investor confidence, regional supply chains, and limit regional economic growth. Council strongly urges the Federal Government to consider this as part of the reform.

Contracting and Bargaining

Consideration 4: Limited supply of gas for domestic use negatively impacts domestic consumers, resulting in cost increases. Council urges the Federal Government to consider instruments that support price stability and transparency for Australian customers whilst meeting a strong framework providing investor confidence.

Consideration 5: Council recommends postponing consideration of standard GSAs until the ACCC has published its own best practice guidelines this year. Council urges that once these guidelines have been published, that further consultation is undertaken with a view to set minimum standards, rather than one-size-fits-all standardised agreements which may limit producers' ability to tailor to operational needs. Producers and buyer needs can be diverse, and a standard GSA could oversimplify complex legal and commercial arrangements.

Gas Market Transparency

Consideration 6: Council strongly values the capacity for SMEs and regional buyers to negotiate effectively or respond to market changes. Council requests the Federal Government to consider instruments to improve access and market efficiency. It is considered that near to full information available, in a single online location, throughout the bargaining process may enable an equitable bargaining process and minimise disadvantages in bargaining power. Currently, pricing and supply reporting is fragmented across multiple bodies (ACCC, AEMO, AER) and there is a data lag. An up to date, centralisation information hub will provide SMEs and regional buyers better capacity to negotiate effectively or respond to market changes.

Governance of Gas Market Regulations and Reporting

Consideration 7: Council recommends streamlining the roles and responsibilities of the AER, AEMO and ACCC to improve efficiency and reduce regulatory burden across the industry.

Submission

Western Downs Regional Council welcomes the opportunity to provide feedback on the Review.

The Resources sector is a significant contributor to the Western Downs economy, investing in local communities and supporting significant supply chain opportunities for local businesses. In the Western Downs region alone, the resources sector directly offers 730 local jobs and supports 3,505 local jobs (20 per cent of Western Downs total employment). In total, the industry delivers a contribution of \$705 million to the Gross Regional Product (15 per cent of the region's GRP), further supporting 632 local businesses and 312 charities. The region significantly benefits from the \$12.8 billion in royalties shared across Queensland [4].

Council is concerned about possible unintended consequences that price caps have on regional economies: uncertainty for businesses and investors, reduced employment opportunities, cancelled projects and postponed contracts. Council is also concerned that the existing regulatory framework is burdensome and is already negatively impacting market efficiency.

Effectiveness of Instruments

The efficacy of existing instruments varies, and Council observes that these instruments have been reactive, rather than proactively securing long-term domestic gas supply and Australia's reputation as a reliable energy exporter.

Council has observed how the existing framework instruments have contributed towards investment uncertainty, with downstream impacts on ancillary industries. This policy volatility has adversely affected Australia's investment reputation onshore and internationally.

Competitiveness of Australia's LNG export industry

Gas is an important part of the Western Downs economy. Since the commencement of commercial production of gas in 2006, the Western Downs Gross Regional Product has more than doubled (102%). During the gas construction period (2006 and 2011), the Western Downs region experienced significant population growth. During this period, Chinchilla grew by 49%, Miles by 42% and Dalby by 26%. These towns have continued to grow in the post-construction period and gas continues to be a critical part of the Western Downs economy.

When the 2022 price capping policy was introduced under the Code in 2022, this had an immediate and significant impact on both gas producers in the Western Downs and the businesses in the gas supply chain.

Gas is a critical pillar of the regional economy, and at the time of introducing the price cap in 2022, the gas sector in the Western Downs employed nearly one in four people. The development of gas in the Surat Basin has been instrumental in reversing the decline in certain rural communities by providing a reason younger people to remain and move to the communities [3].

Council strongly supports the objective to protect gas pricing to support the manufacturing sector, however this needs to be considered in line with other regional industries and interests. Council is concerned that command-and-control policies to manage gas prices and ensure domestic gas supply may compromise Australia's reputation for reliability as an investment destination and may cause uncertainty for regional businesses in the gas supply chain further reducing employment opportunities in the regions and hampering regional economic growth.

Reform

Council recommends the Federal Government to review the different instruments (ADGSM, Gas Market Code and Heads of Agreement) and consider whether these can be streamlined to reduce regulatory burden, improve clarity and facilitate compliance.

Council is supportive of measures which will improve market transparency, contributing to reduced market uncertainty and improved conditions for investment, productivity, and economic development in the regions

Alternative Policies to secure gas for Australian consumers while maintaining a strong LNG export industry

Council values stability and certainty for Australian consumers and investor confidence to our regional industries. Council requests the Federal Government to consider and investigate a (prospective) domestic gas reservation policy for the east coast to support stability for long-term supply and a central location for gas market data. The efficacy of this policy has been demonstrated in Western Australia which does not experience the degree of gas commodity volatility as the East Coast.

Over recent years, the reactive introduction of the existing instruments to meet supply demand have attributed uncertainty to the LNG Export Industry.

The Western Australian government's reservation policy ensures that regardless of the level of gas production, 15% is made available for the domestic market. This mechanism ensures the domestic gas market is serviced, while maintaining the integrity of the price mechanism, and is a critical measure of market surplus and scarcity.

Without introducing a price ceiling or floor, this percentage-based policy is a light touch approach which allows the market to respond to international demand and provides clarity and certainty. It ensures that regardless of the level of production, gas is always available for

the domestic market and has produced stability in the Western domestic gas market. This is in contrast with the Eastern market which is extremely volatile, relies on reactive command and control policies which are demonstrably counter-productive. The existing mechanism under the Code has secured gas for the Eastern Domestic market for the short to medium term only by issuing exemptions to the Code, creating a cumbersome regulatory burden on gas suppliers, and producing no long-term solutions.

Council is concerned that command-and-control pricing policies introduced when developing new instruments or reforming existing instruments may have adverse market effects and may negatively impact investor confidence, regional supply chains and limit regional economic growth. Council strongly urges the Federal Government to consider this as part of the reform.

Wholesale Gas Prices

Council agrees that the Code's reasonable price mechanism has had some success in reducing gas prices during the energy crisis, however, Council has noticed variety of economic impacts since the introduction of the gas price caps in the Western Downs region. The economic impacts included major producers like Senex considering expansion plans within our region being paused (that did not come into effect) - however this can potentially add to volatility of supply. Associated with this a decline in capital inflows which has had a negative impact on local contractors and suppliers servicing the gas industry. The second and third order consequences of the price cap have included uncertainty for regional businesses, particularly those in the gas supply chain, reduced employment opportunities, and the cancellation of large projects and contracts.

Council is concerned that command-and-control pricing policies introduced when developing new instruments or reforming existing instruments may have adverse market effects and may negatively impact investor confidence, regional supply chains and limit regional economic growth. Council strongly urges the Federal Government to consider this as part of the reform.

Council is concerned that domestic gas prices are volatile, and negotiation imbalances persist despite the current reasonable price.

A price cap also, indirectly, demonises the gas industry as profiteers. Council does acknowledge that reasonable measures may be appropriate to prevent price gouging where an oligopoly is present or anti-competitive behaviours are apparent to prevent market failure. However, price capping does not acknowledge the full picture. Gas production is a costly and risky venture. Even during COVID when gas prices fell sharply and gas companies in the Darling Downs region were losing money, no company in the region made a statement about reducing investment or jobs. This commodity market is volatile and cyclical. Price caps are at risk to prevent reasonable profits being made when demand is strong and overlooks when significant losses have been incurred.

To summarize, Council supports affordable energy for our residents but are concerned how the price caps may affect long-term competition supply and regional development

Conclusion

Council urges the Australian Government to act decisively to protect the competitiveness and sustainability of regional gas markets. The unintended consequences of price caps, uncertainty for businesses and investors, lost employment opportunities, and the cancellation or postponement of major projects, are already undermining regional economies and cannot be ignored. Further, the current regulatory framework has become burdensome, eroding market efficiency and stifling growth.

Council's key requests are clear:

- Immediately reconsider command-and-control pricing mechanisms that risk destabilising long-term regional growth.
- Streamline regulatory processes to reduce burdens on gas suppliers and enhance market responsiveness.
- Prioritise policies that encourage investment, safeguard local jobs, and maintain energy affordability for residents and businesses.

The urgency is real: without prompt reforms, the region faces stalled development, diminished investor confidence, and a weakened supply chain. Council stands ready to work with the Government to deliver robust, future-focused reforms and ensure regional communities remain strong, resilient, and economically vibrant.

Contact Details

Please do not hesitate to contact Lidewij Koene-Sloss, Economic Development Manager via email lidewij.koene-sloss@wdrc.qld.gov.au or phone (07) 4679 4526 should you wish to discuss any aspect of this submission.

Appendix

1. Western Downs Council, Economic Development Strategy 2023 – 2028, [economic-development-strategy-document-ver-22.02.23.pdf \(wdrc.qld.gov.au\)](https://www.wdrc.qld.gov.au/economic-development-strategy-document-ver-22.02.23.pdf)
2. Western Downs Regional Council, Corporate Plan 2021 – 2026, [Plans & Publications Western Downs Regional Council \(wdrc.qld.gov.au\)](https://www.wdrc.qld.gov.au/plans-publications)
3. GISERA, Gas Industry Social and Environmental Research Alliance, [GISERA FACTSHEET S19 QLD Socio-economic Impacts](https://www.gisera.com.au/factsheet-s19-qld-socio-economic-impacts)
4. Queensland Resources Council 2023 - 24 Total Economic Contribution Report, 2023 - 2024 Queensland Resources Council 2023-24 Total Economic Contribution report – Western Downs Regional Council

OUR COMMUNITIES

OUR FUTURE





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