1. The Queensland Government is aware of the importance of natural gas to Queensland's ongoing energy security and is also aware of the significance of the emerging liquefied natural gas (LNG) industry to the State's future economic development.
2. In September 2009, the Queensland Government released a consultation paper for public comment. The consultation paper set out two options:
   * Option 1 - application of a reservation policy requiring a percentage of gas production to be supplied to the domestic market, and
   * Option 2 - development of a reserve of potential gas producing land, which may be released as required to ensure domestic supply.
3. Cabinet approved the following policy position;

* It estimated that Queensland has around 500 years of gas supply at current levels. Given this, the Government has rejected the option of requiring a percentage of gas from all fields to go to domestic supply.
* However, the Government will establish a capacity for future fields proposed for exploration to be reserved for domestic gas supply, should it be determined that domestic gas supply is constrained. A Gas Commissioner will be appointed to ensure this is managed in a transparent way.
* The Government will also facilitate the development of a short-term gas trading market by 2011.

1. *Attachments*

* [Consultation Paper – Domestic Gas Market Security Supply](Attachments/Domestic Gas Consultation Paper.pdf)