* + - 1. The first commercial production of coal seam gas (CSG) in Queensland occurred at Moura in 1996. Since then the industry has experienced remarkable growth, with considerable investment in the development of the State’s extensive CSG resources leading to the emergence of the proposed Liquefied Natural Gas (LNG) export industry to be based in Gladstone.
      2. Partly as a result of the emerging LNG industry, major gas users throughout Australia, particularly in Queensland, have expressed concerns regarding the lack of availability of competitively priced long-term gas contracts. Some users believe the development of gas reserves to support LNG projects will lead to reduced supply for the domestic market.
      3. The Government committed to addressing the issue of security of supply for domestic users and the Annual Gas Market Review (GMR) was initiated in December 2009. The purpose of the GMR is to inform Government decision-making in relation to issues of security of supply, more effective resource management and the development of a more competitive Queensland gas market.

1. For the 2011 GMR Report, modelling and analysis was undertaken by the Queensland Gas Commissioner on a range of issues relevant to the future of the Queensland (and broader eastern Australian) gas market, including:

* Domestic gas demand and LNG export development in Queensland;
* Energy prices, particularly international oil prices and gas prices;
* Electricity market assumptions - demand, policy settings and gas input prices;
* Economic parameters including economic growth and associated commodity prices;
* Carbon policies, specifically the potential price of carbon;
* Gas production costs; and
* Gas reserves estimates and projections.

1. Industry stakeholders were consulted extensively throughout the 2011 GMR process and made written submissions in response to the draft 2011 GMR Report. Submissions were incorporated, as appropriate, into the final 2011 GMR Report and accompanying Government response.
2. Cabinet approved the Government response to the final 2011 GMR.
3. *Attachments*

* [*2011 Gas Market Review*](Attachments/2011_Annual_Gas_Market_Review.pdf)
* [*Government response*](Attachments/Government%20Response.docx)