

MEDIA RELEASE

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Alliance supports Retention Lease findings

The DomGas Alliance supports the Productivity Commission's findings on the need for greater transparency in the Retention Lease process.

In its *Review of Regulatory Burden on the Upstream Sector*, the Commission called on government to make transparent the process of approving and renewing petroleum Retention Leases.

DomGas Alliance Chairman Stuart Hohnen said the current process benefitted existing leaseholders at the expense of potential developers and gas consumers.

"Third parties face considerable barriers in being able to access information and engage in the process," Mr Hohnen said.

"This contrasts to environmental approval processes which provide significant opportunity for stakeholder input."

Currently, 53% of Western Australia's gas reserves are currently held under Retention Leases on the basis that they are uneconomic to develop. Under the legislation, a Retention Lease must be converted to a Production Licence when a reserve is commercial.

"Retention leases cannot be used to withhold supply from the domestic market or to park resources for larger and larger LNG projects," Mr Hohnen said.

"A use-it-or-lose-it approach is not only desirable to promote domestic supply, it is mandated by the Act."

Mr Hohnen said the Commission's report is the latest in a series of reviews calling for changes to tighten the Retention Lease process.

"The Federal Government has been commissioning reviews into the Retention Lease process since 2007," Mr Hohnen said.

"To date, nothing has come from these. The time for action has long past."

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The DomGas Alliance

The DomGas Alliance represents current and prospective gas users and gas infrastructure investors. The Alliance promotes security, affordability and diversity of gas supply for industry and households.

The Alliance was formed in 2006 in response to a serious shortage of gas supply for new developments in WA. Alliance members represent around 80 percent of Western Australia's domestic gas consumption and gas transmission capacity, including smaller industrial and household users of gas. The Alliance also represents a significant proportion of prospective demand for additional gas supplies.

Members include: Alcoa of Australia, Alinta, Burrup Fertilisers, Dampier Bunbury Pipeline, ERM Power / NewGen Power, Fortescue Metals Group, Horizon Power, Newmont Australia, Synergy and Verve Energy.

The Alliance works closely with State and Federal Governments and other industry stakeholders to promote domestic gas security.

