

# MEDIA RELEASE

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## ACCC urged to overturn Gorgon cartel selling authorisation

Western Australian gas consumers have urged the ACCC to reconsider its decision permitting Shell, Chevron and ExxonMobil to combine as a cartel to market Gorgon gas.

The ACCC granted interim authorisation in June 2009 in the face of strong opposition by WA consumers.

DomGas Alliance Chairman Stuart Hohnen said the decision fails to consider the significant harm to consumers from cartel selling and should be urgently reviewed.

“The WA gas market is already one of the most uncompetitive in Australia with just two producer groups controlling close to 100 per cent of the market,” Mr Hohnen said.

“As a result, for new gas, WA consumers are being asked to pay up to four to five times the price of gas supplied to consumers on the East Coast.”

In its published decision, the ACCC found that Shell, Chevron and ExxonMobil:

- have considerable international experience in separately marketing domestic gas;
- have been separately marketing LNG from the Gorgon Project; and
- would not face “insurmountable difficulties” in obtaining staff and resources for separate marketing should interim authorisation be denied.

“The ACCC itself concludes that separate selling by the Gorgon participants is commercially practical and feasible,” Mr Hohnen said.

“The ACCC’s finding that cartel selling was necessary to enable a final investment decision stands in conflict with the ACCC’s own assessment of the facts.”

Mr Hohnen acknowledged that the ACCC's inquiry was being undertaken against a background of intense political interest in the Gorgon Project. This interest has been reinforced in the current economic environment, with claims by the Gorgon participants and governments of a "Gorgon-led national economic recovery."

"The DomGas Alliance strongly supports the independent role of the ACCC in promoting competition and protecting consumers," Mr Hohnen said.

"It is vital that the ACCC challenges the claims being made by Shell, Chevron and ExxonMobil."

The Alliance has made a detailed submission to the ACCC calling on it to reconsider its decision on interim authorisation.

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