

MEDIA RELEASE

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ACCC decision to cost consumers \$2 billion a year

Business and households face paying an extra \$2 billion in gas bills after the Australian Competition & Consumer Commission approved joint selling by the North West Shelf Gas producers.

DomGas Alliance Executive Officer Gavin Goh said major gas producers have been combining together to demand 300 per cent price increases from WA consumers.

“At these prices, Western Australia would be forced to spend an extra \$2 billion a year on gas,” Mr Goh said.

“This is a \$2 billion dollar subsidy paid by consumers to the world’s biggest and most profitable oil and gas companies.”

Gas producers are withholding supply from the very tight domestic gas market by selling jointly and by warehousing gas reserves under offshore retention leases. The same producers also control the bulk of new gas developments which means no competition between projects.

“The WA gas market is controlled by a very small producer club with immense market power to increase prices or withhold supply,” Mr Goh said.

“Producers are keeping their foot on the hose and only dribbling out gas at very high prices.”

Three WA Government Departments informed the ACCC that requiring gas producers to sell separately would not threaten investment in the North West Shelf project, but would instead promote competition.

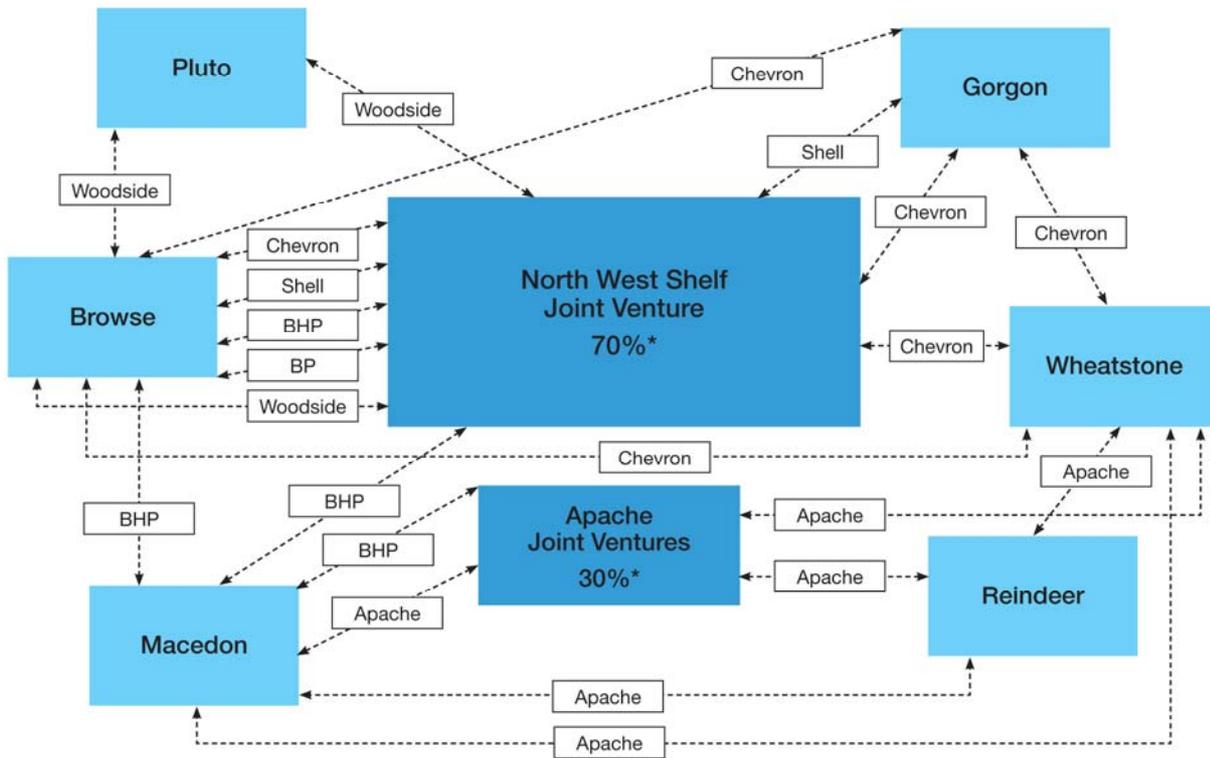
“The message from government and consumers is clear,” Mr Goh said. “The time for protecting the North West Shelf partners from competition has long passed.”

“Competition can only mean lower gas prices and a better deal for business and households.”

WA gas prices are among the highest of any gas producing and exporting country in the world. WA gas users are currently paying up to three times the price for new gas compared to in Victoria.

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Chart: WA major gas projects – ownership concentration



* Current domestic market share