

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

1 June – 3 June 2010

**Question: BET 206**

**Topic: Fertiliser Sector**

**Hansard Page: Written**

**Senator HEFFERNAN asked:**

*On the 30<sup>th</sup> of April 2010 the Senate Select Committee on Agriculture received evidence from Mr Andrew Helps the Managing Director of a company called Climate Friendly Fertiliser Pty. Ltd (CFF). The evidence that Mr Helps presented had grave implications for the farm fertiliser sector in Australia especially in relation to the introduction of urgently needed, low priced, more efficient fertiliser technology.*

*Mr Helps raised with the committee the issues surrounding the charges that Jemena Gas Networks NSW wanted to charge to supply gas to the major fertiliser facility that CFF was in the process of permitting at Leeton NSW.*

*In evidence presented to the committee by Mr Helps, it was apparent that prior to formation of the Jemena NSW Gas Networks enterprise the cost to connect gas to the Climate Friendly Fertiliser site at Leeton NSW was estimated to be in the region of \$500,000 maximum, with a potential three suppliers capable of supplying gas.*

*When the Jemena NSW Gas Networks enterprise was created this cost blew out to \$3.583 million plus an additional \$5 million in the form of a bank guarantee for security against gas purchases plus a very onerous gas pricing contract with annual gas price increases not pegged to the market.*

*Independent costing has subsequently indicated that the actual cost of connecting gas to the Climate Friendly Fertiliser Site is now cheaper than originally quoted due to the drop of the cost of pipeline materials.*

*These financial demands by Jemena of Climate Friendly Fertiliser were so onerous and so out of context to the project costs e.g. what was a \$20 million project would have increased to a total cost of \$28.538 million which was, I understand way out side the capability of the proponent and the convertible note holders ability to finance. Due directly to these actions by Jemena the company has since moved into receiver ship.*

1. Has the ACCC interviewed Jemena Gas Networks NSW about this matter? If so could the ACCC please provide details of what steps it is taking to prosecute Jemena NSW gas networks for misuse of market power and deceptive and misleading conduct.

**Answer:**

As a general rule, the ACCC does not comment on matters that may or may not be under investigation. In these circumstances, however, the ACCC can confirm receipt

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of a complaint from Mr Helps in late April 2010 in relation to the matters raised in the question on notice.

In May 2010 the relevant ACCC investigation team sought additional information from Mr Helps. This information has not been forthcoming. In June 2010 ACCC investigators advised Mr Helps that the ACCC was unable to further pursue the matters without additional information.