

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

1 June – 3 June 2010

**Question: BET 309**

**Topic: North-West Shelf joint marketing**

**Hansard Page: Written**

**Senator Eggleston asked:**

1. What is the process and timeframe from here for the Commission's inquiry and does the Commission's work simultaneously consider possible cartel conduct as well as a possible authorisation of the joint marketing arrangement? Or are they separate processes and inquiries?
2. Are media reports correct in stating that *'The Australian Competition and Consumers Commission is expected to grant the partner that the ACCC, which supply about 65 per cent of WA's domestic gas market, continuing authority to price collectively after taking submission earlier this year'*? ( May 31, AFR p.3 article titled 'Pricing heat on NW-Shelf gas partners').
3. Is the Commission intending to publish its inquiry conclusions and intended decision and reasoning in relation to any renewed authority to price collectively to enable stakeholders including but not limited to the venture partners, key users, the DomGas Alliance, WA Government and competition experts to respond to contested analysis and conclusions before the Commission makes final decisions?

**Answer:**

1. With respect to the authorisation process, the ACCC released a draft determination on 8 July 2010 proposing to grant conditional authorisation to North West Shelf project partners to jointly market and sell their shares of domestic gas production into WA. The draft determination can be viewed at: <http://www.accc.gov.au/content/index.phtml/itemId/922104/fromItemId/278039>

The ACCC is now seeking submissions from interested parties on its draft determination. Submissions are due on 30 July 2010.

Interested parties or the Applicants also have the option of calling a public pre-decision conference on the draft determination. Parties have until 23 July 2010 to call a conference.

The ACCC anticipates releasing its final determination in August or September 2010.

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The ACCC commenced an investigation of the North West Shelf joint marketing arrangements, but it was suspended at the time the authorisation process began. The processes and inquiries differ. However, when a decision about the investigation is made later this year, the outcome of the authorisation process will be considered.

2. The ACCC released a draft determination on 8 July 2010 in which it proposes to grant conditional authorisation to the North West Shelf Project partners to engage in the joint marketing and selling of their gas entitlements in WA.

The ACCC is of the view that joint marketing from the North West Shelf is likely to result in higher volumes of natural gas being supplied into WA than would be the case were the partners to attempt to separately market it. In the supply constrained WA gas market, the ACCC considers that this constitutes a significant public benefit.

The ACCC in the draft determination is proposing to grant authorisation until 31 December 2015. The ACCC considers that there exists some potential for the WA gas market to develop in this period partly due to the introduction of new sources of supply.

3. The ACCC's draft determination sets out its preliminary assessment of the North West Shelf project partners' applications for authorisation. Interested parties and the Applicants now have the option of providing the ACCC with further submissions addressing the ACCC's preliminary assessment. These parties also have the option of calling a public pre decision conference where they may make oral submissions to an ACCC Commissioner.

The ACCC will take these additional submissions into account when considering its final assessment of the North West Shelf partners' applications. This assessment will be provided in the ACCC's final determination which it anticipates releasing in August or September 2010.