



***The West Australian – Letter to the Editor***  
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The Australian Petroleum Production & Exploration Association (APPEA) has rehashed the same baseless arguments as to why WA consumers should be denied a competitive gas market (“Political pressure claims on Gorgon gas prices”, 7/7).

In seeking to justify cartel selling of Gorgon gas by Shell, Chevron and ExxonMobil, APPEA claims separate selling is not viable in WA and that it would lead to higher producer costs and higher gas prices.

These claims have no merit and no supporting evidence. As the ACCC recently pointed out, Shell, Chevron and ExxonMobil have been separately selling gas to domestic consumers in other countries, have been separately selling Gorgon gas to overseas customers, and would not face “insurmountable difficulties” obtaining staff and resources to sell separately in WA.

Strikingly similar claims were made by Shell – one of the Gorgon parties - to justify cartel selling arrangements in New Zealand. Shell went on to disprove its own claims by separately selling gas despite previously claiming it was impossible to do so.

Cartel selling arrangements have resulted in the WA gas market being one of the most uncompetitive in Australia. Just two producer groups control close to 100 per cent of the market. The North West Shelf Joint Venture, in which Shell and Chevron are also participants, controls around 70 per cent of the WA market.

This lack of competition directly impacts industry, small business and households in WA through higher gas and electricity prices. WA consumers are being asked to pay up to four to five times the price for new gas as consumers in Victoria. This is despite WA holding 80 per cent of Australia’s natural gas reserves.

Whatever excuses APPEA might seek to make, cartel selling should be seen as that – a means by which some of the world’s largest oil and gas companies combine together to raise prices for WA consumers, resulting in higher gas and electricity prices, and the loss of competitiveness of WA industry.

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