

EXPLANATORY STATEMENT

Issued by authority of the Treasurer

Competition and Consumer Act 2010

Competition and Consumer (Price Inquiry–Natural Gas) Direction 2025

Section 95H of the *Competition and Consumer Act 2010* (the Act) provides that the Minister may require the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into a specified matter or matters.

The *Competition and Consumer (Price Inquiry–Natural Gas) Direction 2025* (the Direction) is made under subsection 95H(1) of the Act. The Direction requires the ACCC to hold a price inquiry into the market for the supply of natural gas in Australia.

On 19 April 2017, the then Treasurer directed the ACCC to hold a price inquiry into the supply of natural gas in Australia with interim reports at least every six months and a final report due by 30 April 2020. On 25 July 2019 the then Treasurer extended the timeframe of the price inquiry until 30 December 2025.

The Direction further extends the timeframe of the current ACCC price inquiry to 30 June 2030, and requires the ACCC to provide interim reports at least twice every six months. This aligns with reforms made in March 2023 to provide for quarterly consideration of whether the activation of the Australian Domestic Gas Security Mechanism is warranted due to a domestic gas supply shortfall.

Part 1 of the Direction provides the machinery provisions of the instrument, including the definitions.

Natural gas, for the purposes of this Direction, is a substance primarily consisting of hydrocarbons (predominantly methane) and that would be in a gaseous state at standard temperature and pressure. Natural gas includes liquefied natural gas; gas which has been processed into a liquefied form through alterations to temperature.

Part 2 of the Direction provides the terms of reference for the inquiry and matters that must be taken into consideration. The ACCC must have particular regard for the transparency of the supply of natural gas, the supply of and demand for natural gas, natural gas substitutes and natural gas transportation services, and the pricing and availability of natural gas to Australian consumers and businesses.

The ACCC must also have particular regard for the availability of natural gas for current and future supply; the cost and availability of goods or services that assist or facilitate the supply of natural gas, such as drilling and processing services, and compare the pricing, volume and availability of natural gas for domestic consumption versus export.

While the ACCC must consider all of the matters listed in section 7, the ACCC may consider other matters, within the scope of the inquiry.

The ACCC must make use of relevant publicly available information, including information published by the Australian Energy Market Commission, the Australian Energy Market Operator, and the Australian Energy Regulator.

The ACCC must give the Treasurer an interim report by 30 September 2025 and thereafter provide interim reports at least twice every six months. The ACCC must complete the inquiry and provide a final report to the Treasurer by 30 June 2030.

Where appropriate, the ACCC may provide to the market anonymised data and analysis relating to estimates of LNG netback prices.

Schedule 1 of the Direction repeals the now inoperative initial direction requiring the ACCC to hold the inquiry.

In accordance with section 17 of the Legislation Act 2003, the ACCC, Department of Industry, Science and Resources, and the Department of Climate Change, Energy, the Environment and Water have been consulted on the terms of this Direction.

The Direction is a legislative instrument for the purposes of the Legislation Act 2003. In accordance with item 2 of the table in section 9 and item 3 of the table in section 11 of the Legislation (Exemptions and Other Matters) Regulation 2015, the instrument is not disallowable and does not sunset as it is a direction by a Minister to a person or body. It is appropriate that this instrument is not disallowable as it is a ministerial direction, and therefore executive control is intended. Similarly, the direction is intended to remain in place until the inquiry is completed or unless and until revoked by the Treasurer, and therefore it is appropriate that it not sunset.

The Direction commences the day after the instrument is registered.

A statement of Compatibility with Human Rights is at [Attachment A](#).

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Competition and Competition and Consumer (Price Inquiry–Natural Gas) Direction 2025

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Section 95H of the *Competition and Consumer Act 2010* (the Act) provides that the Minister may require the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into a specified matter or matters.

The *Competition and Consumer (Price Inquiry–Natural Gas) Direction 2025* (the Direction) is a direction to the Chairperson of the ACCC to hold a price inquiry into the supply of natural gas.

The Direction sets out the terms of reference for the inquiry. In conducting the inquiry, the ACCC must have particular regard for the transparency of the supply of natural gas, the supply of and demand for natural gas, natural gas substitutes and natural gas transportation services, and the pricing and availability of natural gas to Australian consumers and businesses.

The ACCC must also have particular regard for the availability of natural gas for current and future supply; the cost and availability of goods or services that assist or facilitate the supply of natural gas, such as drilling and processing services, and compare the pricing, volume and availability of natural gas for domestic consumption versus export.

The ACCC must make use of relevant publicly available information, including information published by the Australian Energy Market Commission, the Australian Energy Market Operator, and the Australian Energy Regulator.

The ACCC must give the Treasurer an interim report by 30 September 2025 and thereafter provide interim reports at least twice every six months. The ACCC must complete the inquiry and provide a final report to the Treasurer by 30 June 2030.

Where appropriate, the ACCC may provide to the market anonymised data and analysis relating to estimates of LNG netback prices.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.