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Deputy Secretary, Resources and Strategy Group
Department of Industry, Science and Resources
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Dear Deputy Secretary

DOMESTIC GAS RESERVATION SCHEME AND REFORMS

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia, representing businesses of all sizes across the breadth of the economy.

We thank you for the opportunity to provide comment on the exposure draft package to legislate a National Domestic Gas Reservation scheme (National scheme).

The National scheme intends to create a national regulatory domestic gas framework by January 2028, with a new domestic supply obligation (DSO). It also will introduce an export licence and associated levy. The DSO seeks to quarantine up to 20% of natural gas production for supply into the domestic market, to ensure the domestic market is oversupplied and, as a result, keep gas costs down.¹

From the outset, CCIWA reiterates our support for measures that increase the supply of gas, for local businesses and international partners, as well as the aim to keep costs low for businesses and consumers alike. We also welcome the acknowledgement that Western Australia has an existing domestic gas scheme (WA scheme), which has ensured stable gas supply for twenty years.

However, the National scheme needs to get the balance right between supply, costs, and acknowledging existing reservation schemes where they exist. Based on member feedback, from both users and producers, we raise two broad and interrelated concerns.

The first is that the proposed framework may be too restrictive, which will impact certainty and therefore supply. The second is that there is no clear recognition, nor endorsement, of existing reservation schemes and markets such as the WA scheme.

In what follows, we provide observations and recommendations to address these matters and provide comment on the truncated consultation timeframe.

¹ Press Conference, Ministers King (M), Ayres, Bowen. September 2026.

Certainty is critical to meeting intent

Certainty is key to ensuring supply – gas reserves take time and capital to develop into projects with long-term economic benefit.

As outlined by industry, in previous commentary, the focus should be to increase the total gas supply in the market. This is most easily achieved through the development of new projects that meet demand of both domestic gas consumers and the international market for liquified natural gas (LNG). CCIWA suggests that the Federal Government should work with the States and Territories to:

- create the right mix of incentives and obligations to support development of reserves, within the current climate policy and energy policy frameworks;
- continuously improve approvals processes, to ensure reserves can be developed within a reasonable timeframe;
- deliver the commitments outlined in the Future Gas Strategy;
- balance and modernise industrial relations laws, to make Australia a more attractive place to invest. Over time, the industrial environment has become increasingly adversarial; and
- review Australia's overall tax system to increase investment across the economy.

However, we hold concern that this goal of increased gas supply could be impacted by the proposed legislation with its inclusions of:

- a 'must supply' framework. The 'must supply' framework moves Australia away from a true market-based approach. This reduces commercial flexibility and will likely impact the efficient, and timely, development of commercially viable gas reserves.
- proposed ministerial discretion and revocation powers. While we welcome the various flexibility and transitional mechanisms, ministerial discretion will need to be wielded carefully. We also oppose the inclusion of an effective right of veto for the Minister for Energy, and suggest changing 'must be satisfied' to 'must be consulted'.
- cost recovery mechanisms which may result in additional tax burden on the gas sector.
- proposed new regulatory burden. Regulatory burden has been introduced with short compliance periods, and potential duplicative reporting requirements. Rather than requiring merged entities to reapply for licences, we suggest a clear process for licence transfers when a merger or acquisition occurs.

Together, these factors could lead to reduced attractiveness for investment, or a scenario where there is reduced attractiveness for investment.

CCIWA recommends that amendments are made to the draft legislation, to ensure competitiveness outcomes for existing and future gas operations across Australia. This should include a package of incentives and greater guardrails around provisions proposed in the bill. We also reiterate our calls for commitments which deliver the Future Gas Strategy and improve industrial relations laws.

Recognise existing reservation schemes and markets

It is positive to see that WA has been established as a separate market, with the proposed West' and 'East' coast markets. Although the legislation does not specify this, it does introduce a definition of domestic gas market as: *a market in a part of Australia in which natural gas is acquired and supplied by means of a physical network of interconnected gas pipelines*. We also note that the proposal also diverges from the existing and longstanding Australian Energy Market Coordinator (AEMC) regions of Northern, Western, and Eastern markets.

However, we raise concerns that there is insufficient certainty that existing domestic gas reservation schemes, such as the WA scheme, will be recognised. The framework implies that the WA scheme is only applicable to existing projects – not future projects.

This may be detrimental to future development of Western Australia's gas reserves, by undermining confidence in the WA scheme. It also risks significant duplication of compliance which is not necessary given the similar objectives and broad approaches of the two schemes.

CCIWA recommends an explicit clause which allows for existing schemes to be deemed as meeting the Objects of the Act and, therefore, part of the National scheme. This could be achieved through amendment to the legislation.

Consultation timelines

CCIWA notes that there has been a general and increasing trend of insufficient time being provided for adequate consultation with members.

We acknowledge that sometimes there is general consultation on a topic, and that regarding domestic gas reservations there has been an ongoing public discourse since the Future Gas Strategy was released in May 2024.

However, when seeking detailed feedback on substantive text – in this case, 350 pages – we believe the consultation period needs to be adequate for industry to respond. When there is not enough time to ensure appropriate consultation and buy-in, there is a risk of undermining support for due processes, independent institutions and governance frameworks.

We point to the proposed Nature Positive legislation, which ultimately did not pass. The process for consultation on that draft legislation failed to ensure industry and environmental groups could engage in a meaningful way.

To this end, we recommend that interested parties are provided more time for consultation on legislation once an exposure draft is provided and where it is reasonable for such consultation to occur.

Should you wish to discuss the content of this letter further, please do not hesitate to contact Dr Daniel Kiely, CCIWA Chief Economist, via

Yours sincerely

Will Golsby
Chief Executive Officer