

**MINISTERIAL
URGENT**



**DEPUTY PRIME MINISTER AND
MINISTER FOR PETROLEUM & ENERGY**

27th February 2006

Mr. Graeme Samuel
Chairman
AUSTRALIAN COMPETITION AND CONSUMER COMMISSION
PO Box 1199, Dickson ACT 2602
AUSTRALIA

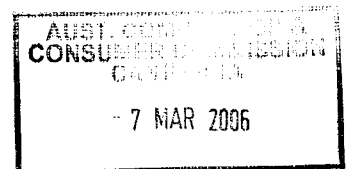
Dear Mr. Samuel,

**SUBJECT: PNG GAS PROJECT – APPLICATION FOR AUTHORISATION -
ENTRY OF AGL**

My name is Sir Moi Avei and I am the Deputy Prime Minister and Minister for Petroleum and Energy in Papua New Guinea.

In my Ministerial role, I have taken a very keen interest in the progress of the PNG Gas Project. In particular, I was most pleased to see that on 11 January 2006, the Australian Competition and Consumer Commission issued a draft determination proposing to grant authorization to the PNG Gas Project to engage in joint marketing of Project Gas for a 16 year period. By proposing to grant authorisation, I believe that the ACCC recognised that this internationally significant infrastructure Project will deliver substantial, on-going public benefits to Australia and of course to Papua New Guinea. I welcome the support that the ACCC has shown for this major infrastructure development, and the ACCC's recognition of the overwhelming benefits that the Project will deliver to Australia.

I would like to take this opportunity to respectfully emphasis to the ACCC that there will also be overwhelming public benefits delivered to PNG as a result of the Project proceeding in the way proposed by the ACCC. These benefits include significant improvements to essential services like infrastructure, health education and a large increase in employment.



The substantial boost to the PNG economy that the PNG Gas Project will provide will also allow the PNG Government to deliver important benefits to PNG citizens in many other ways, including through the development of social programs.

Given the significant public benefits of the PNG Gas Project to citizens of Australia and PNG, I welcome the ACCC's recognition of the likelihood of significant delays to the Project if authorisation is not granted, and the need for the authorisation to be flexible so as to accommodate inevitable changes to the members of the Project (including the State of PNG's entry into the Project) given that the Project is still in its feasibility study stage.

We have read the draft PNG Gas Project authorization issued by the Australian Competition and Consumer Commission on 11 January 2006 and are fully supportive of the Project proceeding. The project will bring substantial benefits to gas users, the Independent State of Papua New Guinea, and the national economy through increased industrial and resource development, trade, economic stability and provision of essential services. We encourage the ACCC to proceed with the authorization in the terms it has proposed.

I look forward to the ACCC making its final determination to help this Project make the necessary scheduled funding decisions to ensure that significant benefits flow from the Project at the earliest time to all stakeholders in both Australia and Papua New Guinea.

Yours sincerely,


MOI AWEI, KBE MP
Deputy Prime Minister and
Minister for Petroleum & Energy