

# PRESS RELEASE

FOR IMMEDIATE RELEASE – Wednesday, April 19, 2017



## Demand Destruction Imminent if Gas Crisis Continues

In the days leading up to the second Federal Government meeting with major gas industry players it appears that a new gas price record has been set.

“This week we have been contacted by a medium sized business in regional Queensland employing over 100 people that is currently paying \$23 / Gj for natural gas delivered to their facility which is by far their single largest energy cost,” said EUAA CEO Andrew Richards.

“This must be a new domestic gas price record and is a clear sign that much more work needs to be done if we are to solve the gas crisis that is gripping Australian business and households.”

The Energy Users Association of Australia (EUAA), has been warning government and the gas industry that if the current gas crisis is not resolved in the near future we are likely to see significant job losses as Australian business seek to offset spiralling costs. Ultimately these costs will also result in increased consumer prices for everyday goods as business seek to remain viable.

“We have seen in recent weeks that major retail chains are seriously contemplating price increases due to escalating energy costs. Clearly this gas crisis is not just an issue for corporate Australia but for all Australians as their household gas bills go up, as the cost of everyday items increase and potentially their jobs put at risk.”

The EUAA, along with other industry groups representing major gas users have been discussing short, medium and long-term solutions to the current crisis. Options include gas swaps and the temporary suspension of LNG exporters accessing gas that has traditionally been used in the domestic market. These options are not perfect but the current situation demands action.

“We can see that work is being done to improve transparency and liquidity in the gas market and there are moves to increase gas supply, however it will all take time for the benefits of these reforms to filter through to gas users. Unfortunately for business facing unprecedented increases in gas costs, time is a luxury they do not have which is why the EUAA and others are seeking urgent action by governments and the gas industry.”

“We are concerned that by waiting for the market to sort itself out, like some seem to be suggesting, significant demand destruction will be the result. All gas market participants must be open to new thinking and ideas to solve the current crisis as just letting the market run its own course could end in disaster.”

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