

PRESS RELEASE

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Energy price uncertainty destroying Australian investment incentives

The Energy Users Association of Australia (EUAA) today released a [Scoping Study on the Economic Impact of High Gas Prices](#). The Study explores the potential impact of high gas prices on Australian industry and the wider Australian economy.

'Our members are some of the highest users of gas in the country,' said Phil Barresi, CEO of EUAA. 'For some time now, we've been ringing the alarm bells about the difficulty facing domestic gas energy users in securing predictable supply at competitive prices. This Scoping Study confirms the validity of our concerns.'

In recent years, the Eastern Australian gas market has transitioned from a domestic focus with available and competitively priced supply to an export focus to support LNG developments. Subsequently, industry has experienced significantly higher gas prices and an inability to constructively negotiate long term gas supply contracts. 'The uncertainty our members face is disconcerting, to put it mildly,' said Mr Barresi.

The EUAA commissioned Marsden Jacob Associates to undertake the study. 'MJA surveyed major gas users, those at the coalface, examining the impact of high gas prices,' said Mr Barresi. 'The key findings are stark- there are far reaching implications for Eastern Australia if the economic impact of high gas prices is not addressed.'

A key finding from the Scoping Study indicates a minimum decline in employment by the year 2020 of 1100 with a very high likelihood of 3300 job losses. Accompanying the loss of employment is forgone capital expenditure by 2020 of over \$1900 million under the very high gas price scenario.

The three LNG plants currently under construction have an associated capital expenditure estimated at \$60 billion. Once operating, approximately half of the value created by LNG proponents will remain in Australia, reflecting the high foreign ownership of the LNG proponents.

'Australia has some of the largest gas reserves in the world,' said Mr Barresi. 'What we're distinctly lacking, however, is sound policy from all levels of government to resolve this very real issue.'

This Scoping Study gives key decision makers and policy makers a strong foundation to take action now. Our economy depends on it.'

The EUAA is the peak industry body for Australia's energy users including manufacturers, retailers and resource-based industries. Following the release of this Scoping Study the EUAA has joined with the AIG and other industry associations to conduct more extensive analysis and modelling of high gas prices.

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