

PRESS RELEASE

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Gas Export Gain Equals Energy User Pain

Energy Users share strong concerns for the potential devastation to the manufacturing industry by the massive transformation currently experienced by Australian gas markets, as detailed in the *Gas Market Transformations- Economic Consequences for the Manufacturing Sector Report*, released last week by a consortium of industry associations.

‘This report is the first of its type,’ said Brian Green, Chair of the Energy Users Association of Australia (EUAA). ‘Gas price and supply issues have been the focus of many reports and studies, but the potential economic impacts and the implications of expected gas price increases haven’t been thoroughly assessed,’ said Mr Green.

‘This report fills a significant evidence gap and provides specific policy input that if implemented, could mean we all benefit from the gas market boom.’

The Group Project Consortium, an alliance of six industry groups including EUAA, engaged Deloitte Access Economics to assess the impact of changes taking place in Australian gas markets for those industries already facing critical issues in securing competitive gas supplies and the Australian economy more broadly.

‘The report clearly shows that while the gas and construction sectors will benefit from the changes taking place in the gas markets, almost all other sectors within Australia’s economy are likely to suffer, and suffer catastrophically,’ said Mr Green. ‘Manufacturing is a critical part of the Australian economy, employing more than 220,000 in Victoria alone. If businesses were to absorb increased gas input costs as projected it is unlikely that operations would remain viable for more than a few years, with potential closures having devastating direct and flow on impacts across entire communities.’

Through comprehensive, quantitative analysis and modelling on the impact of predicted gas price rises, the report suggests specific industry sectors will suffer up to \$118 billion loss of income from 2014-2021, with significant impact on employment. By 2021 manufacturing employment is projected to reduce by up to 14,626 full time equivalent jobs.

‘Australia has an unprecedented opportunity to benefit from exporting natural gas,’ said Mr Green. ‘However, realising these benefits without adequate policy entails painful consequences.’

‘With smart, considered policy responses from industry and government we make the most of our enviable gas endowment, with a thriving manufacturing sector existing alongside a growing gas export industry.’

The EUAA is the peak industry body for Australia's energy users including manufacturers, retailers and resource-based industries.

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