

DON'T OPEN THE CHAMPAGNE YET – GAS IS STILL A PROBLEM

The peak body representing large energy users, the Energy Users Association of Australia (EUAA) welcomes the ACCC second interim gas market report and recognises it shows some progress has been made. However, the gas crisis afflicting a majority of industrial and commercial gas users remains a significant issue that requires more reform.

As the ACCC points out in their interim report, recent government initiatives have helped to free-up some additional gas supply and we have seen some softening in prices for some gas users.

However, this statement from ACCC Chairman Rod Sims is telling:

“Despite increased supply providing important short-term improvements in conditions, the market is still not operating as well as it could. Prices remain higher than they would in a well-functioning and competitive market”

Responding to the interim report, EUAA CEO Andrew Richards said that “It’s too early to be opening the champagne to celebrate the end of the gas crisis. Recent softening of prices for some gas users will just be a delay in the inevitable destruction of domestic demand if further structural reform is not undertaken.”

“We recognise the efforts of the Federal Government and signs of good-will from the gas producers to move some way to assisting gas users. However, this momentum must continue if we are to see gas prices come back to a level that allows industrial and commercial users to remain competitive and continue to create employment opportunities.”

The EUAA have long argued that not only is more gas supply a key to reducing cost but so too is more competition. If the current structure of gas markets remains the same we are unlikely to see this happen. Therefore, we call on governments and regulators to engage with gas sellers and gas buyers to seek their views on ways to increase competition.

“We would like to see more gas producers bringing more gas to market, be that through indigenous east coast sources or LNG imports. We also need to see greater price transparency and a more competitive gas transportation sector if we are to see gas prices come down to more economically sustainable levels.”

“We would also like to see gas moratoria lifted and be replaced with a robust planning and compliance framework that treats landowners with respect, protects their natural resources and provides adequate compensation.”

The EUAA represents members that deliver essential items to the Australian community every day. Their activities include food processing, plastics manufacturing, mining for raw materials, glass manufacturing, and healthcare.

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