

ACCC Confirms Gas Market Reform Must be a Priority

Comments made by ACCC chair, Rod Sims, on March 5, about the growing impact of gas price rises and reduced contracting options echo the warnings given by large energy users over many years, said Energy Users' Association of Australia Chief Executive Officer, Mr Andrew Richards.

“Sadly, manufacturers feel largely ignored by governments who have talked about acting on gas but have made only minor progress in addressing the fundamental flaws in east coast gas markets,” Mr Richards said.

“Without accelerated gas market reform, that will need intervention from governments to address both price and gas supply, we are heading down a path of value destruction for many companies that will impact thousands of Australian families.”

While the Federal Government has introduced the Australia Domestic Gas Security Mechanism, which aims to ensure gas supplies are available for domestic use, there has been no action to separate international prices from domestic, nor any change to enable the development of gas reserves. Without action on both supply and price we will not see any change for manufacturers suffering with unbelievably high gas costs.

“Importantly, gas is also setting the price in electricity markets so a failure to address the gas price means that electricity prices will also remain high,” added Mr Richards.

“EUAA members include many manufacturers, suppliers of raw materials, companies providing packaging, food and healthcare for the Australian community. What they tell us is that price gouging is the norm. Also often, with only one gas contract offered, they have little choice if they want to continue operations. This is a completely unsustainable model that requires government action.”

The EUAA has warned before on many occasions that major commercial and industrial gas users are struggling to stay competitive due to rising energy costs and has recommended that all options to increase supply and reduce costs for consumers should be on the table to address the issue.

Combined, EUAA members employ over 1 million Australians, pay billions in energy bills every year and are desperate to see a national energy and climate change plan that puts downward pressure on electricity and gas costs.

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