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Affordable gas crucial for manufacturing

The Victorian Government's decision yesterday to ban the exploration and development of all onshore unconventional gas in Victoria highlights the difficulty in achieving a policy balance on long-term affordable gas supply and demand in Australia.

The Australian Forest Products Association (AFPA) urges all levels of government to put in place balanced energy policies to ensure adequate supplies of affordable gas, underpinning increased certainty for our manufacturing industries into the future.

The forest product industries, like much of the manufacturing sector, are significant energy users and have experienced intense import competition for many years coupled with increasing quality, performance and regulatory demands. Industry has invested and worked hard to contain costs of production but can do little to control the costs of inputs, including energy and energy distribution.

Chief Executive Officer of AFPA Mr Ross Hampton said, "Gas-fired power generation is, and will increasingly be, important to the ongoing energy input and costs of the forest product industries. The development of balanced gas policy should be based on the principles that gas-fired generation remains affordable; reliable; of a high quality; sustainable in the long-term; and the gas market is accessible and transparent to domestic users."

"Significant energy price rises in recent years threaten the continued viability of the forest product industries. Internationally competitive energy costs and supply, including access to affordable gas, are essential if manufacturing in Australia is to continue and grow. It is important that energy policies do not disadvantage domestic operations by subjecting trade-exposed industries to costs not faced by international competitors."

"With supportive policies for affordable gas and bioenergy sourced from renewable biomass, the forest products industry can continue to deliver lower carbon emissions, while also providing much needed investment and jobs in forestry, wood and paper product manufacturing," said Mr Hampton.

AFPA represents forest growers, harvesters, and manufacturers of timber and paper products.

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