



Energy Security (Guiding Principles)

Policy Background

The security of Australia's energy network to ensure both home owners and businesses have access to consistent and affordable power supply has become a key policy issue for the foreseeable future.

In particular, the impact of increasing gas prices and the uncertainty of supply for local building product manufacturers has become one of the biggest threats to Australian manufacturing.

HIA's National Manufacturers Council members have expressed considerable concern about the status of energy supply in Australia, particularly as it relates to the security of current and future supply and energy pricing for their businesses.

The failure of governments to respond to the deterioration in conditions over the past 24 months is a concern for all Australian manufacturing, but in particular for building products.

Australian building product manufacturers are faced with uncertainty in managing the quantum of energy price increases on their businesses, the impact on their manufacturing costs, comparisons against competing imported products, and their lack of confidence in the security of future affordable and reliable supply.

Lack of energy supply security and rising prices have put Australian manufacturers of building products at a significant competitive disadvantage, especially as many are 'trade exposed' to imports that do not always meet Australian building conformance standards. This is now impacting on investment in new facilities and innovation in Australia.

HIA's Policy Position on Energy Security (Guiding Principles)

1. Energy Prices

- Energy prices must be at a price level where Australia is internationally competitive.

2. Balancing Supply

- When supply is tight, the Australian Energy Market Operator (AEMO) should be charged with balancing the gas market so as to ensure supply is maintained to the domestic market (at the expense of the export market).

3. Gas Availability

Governments should:

- reserve new gas for domestic (Australian) use until the market is rebalanced.
- facilitate exploration by removing moratoriums and reallocating undeveloped gas tenements.
- provide incentives to encourage exploration and the development of new gas reserves.