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Transcript

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Event: Andrew McKellar interview with Ross Greenwood, Sky News Business Now.

Speakers: Andrew McKellar, chief executive Australian Chamber of Commerce and Industry;
Ross Greenwood, host Sky News Business Now.

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E&OE

Ross Greenwood, host Sky News Business Now: Earlier on, I spoke with Andrew McKellar from the Australian Chamber of Commerce and Industry. It represents a large range of businesses, big and small.

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: This is one of the several pressing challenges that business are now really grappling with. We know that they're facing a pretty tough labour market, labour shortages. We know that supply chains have already been heavily disrupted, but now we can add energy prices and costs into the mix. So look, it is causing, I think, real consternation across business. We've already seen in recent weeks the prospect that electricity prices for small business could be rising in some areas 13.5 per cent above inflation. We can add gas prices now into that. In fact, we've seen gas prices spiking up three or four times what they were just in a very short period. It's a real challenge. It is going to make business very difficult, particularly for some manufacturers, not just using the gas to produce energy, but also as a feedstock in some manufacturing processes. So it's really, I think, a critical input and a critical challenge at this point in time.

Ross: So, you would've been alarmed this week. We spoke with the bosses of the big energy producers here in Australia who indicated to us that there is no quick fix. There's no immediate gas that can be brought online. Kevin Gallagher from Santos told us that. We had certainly, also, other energy producers telling us exactly the same thing, that there is no instant energy that can be brought into the mix.

Andrew: Well, that certainly seems to be the situation. I guess the way forward here, the best we can do in the short term, I think is there's really got to be a focus on ensuring that we can maintain the generation capacity that's coming from some of these coal-fired assets. And it is very worrying to see developments at Bayswater and the delays at Loy Yang A. We have to keep that capacity somehow online for as long as possible and get it back on stream. We saw energy ministers yesterday meeting, I think a constructive meeting. They have identified this capacity mechanism where they can have AEMO, the Energy Market Operator, potentially paying gas producers to put aside some of that stockpile and reserving it for the domestic markets. So look, there's not a lot that can be done. There aren't any quick fixes, but I think we've got to focus on those things that we can do.

Ross: Okay. So some of the things that might be done, I mean, some of your members might be asked in the future to actually curb their energy usage to make certain that the grid is robust. Is that something again that concerns you? Because anytime this happens, of course, questions the viability of the individual manufacturing businesses or businesses that you represent.

Andrew: Oh, for sure. I mean, that is going to be, I think, a really damaging situation that will have a real business impact. If we get into that sort of situation effectively rationing, then I think we're going to have some pretty far-reaching impacts in terms of production and economic growth. It's going to impact businesses. It's going to impact jobs. So look, I think that would be very worrying obviously, in the longer term. We've got to get on with the longer-term solutions. We've got to see governments starting to put in place its plan in terms of going towards investing in new generation capacity, renewable capacity, upgrading the network, to be able to take a lot of that renewable energy. But that's not going to be an immediate solution. It's going to take time to put that investment in place.

Ross: So, Andrew, have government ministers reached out to you this week to try and work out how your members are feeling, where the pressure points might be inside the manufacturing industries and the small businesses of Australia. To try and figure out whether indeed there is any that will be at risk as a result of what's happening in the energy crisis?

Andrew: Absolutely. There've been quite extensive discussions within our network. We are obviously talking to a lot of our members to understand where those pressure points are. There's been engagement with the federal agencies and of course with the federal ministers that are working on this problem and we're going to continue those discussions of course. Next week, I know that my board is meeting with the federal treasurer next week. We're having other discussions with ministers like Chris Bowen and so on. So look, we know that they are doing everything that they can do, working constructively with the states and territories. There are issues in the states and territories. I think the moratorium that the Victorian government has had on onshore gas exploration and production is an

issue that's causing more widespread challenges in that market and it's got national implications. So look, there are things there that government can do, not just the federal government. But I think here, we've got to see all jurisdictions pulling together to get good cooperation.

Ross: Andrew McKellar, from the Australian Chamber of Commerce and Industry, always good to chat to you and many thanks for your time today.

Andrew: Thank you very much.

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