Australian Domestic Gas Security Mechanism extension

Submission to the Department of Industry, Science and Resources

19 July 2022

Via email: ADGSM@industry.gov.au

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make a submission to the consultation on extending the Australian Domestic Gas Security Mechanism.

The BCCM is the peak body representing co-operatives and mutuals in Australia. Eight in 10 Australians are members of at least one co-operative or mutual and more than 160,000 businesses are members of co-ops for logistics, manufacturing, marketing, purchasing and risk protection services. Many co-op manufacturers are significant gas users.

1. The ADGSM should be extended

The BCCM supports extension of the ADGSM to 2030.

2. The ADGSM needs urgent reform to be useful

While there are important consultations ongoing for a more resilient and sustainable energy system after 2025, government needs to urgently address the short-term threat to viability of many manufacturing businesses that use gas. Without immediate action, industrial capacity will be unnecessarily lost.

For example, Master Butchers Co-operative, which services more than 400 member SMEs and creates more than 100 jobs in processing and value-adding of meat waste products, has noted that spot prices remain at $40/gj and contracts are also at around $30/gj for 2023. The average in 2020 and 2021 was $6/gj. Its manufacturing business is not viable if this pricing continues.

Therefore, the BCCM recommends urgent reform of the ADGSM so it can be a practical lever to respond to the types of prices being experienced currently by gas users.

We understand that the Minister has announced a separate review of the ADGSM for this purpose, which we hope will commence promptly and would welcome the opportunity to participate in.

We would be pleased to provide further information on any matters raised in this submission.

Contact:
Anthony Taylor
Head of Corporate Affairs
info@bccm.coop; (02) 8279 6052