

15 September 2020

## Joint Statement – Gas Fired Recovery

Opal, along with other large industrial users of gas, welcomes the Commonwealth Government’s commitment to restore Australia’s domestic gas supply and market pricing to globally competitive conditions.

Opal, Incitec Pivot, Brickworks, Qenos and AdBri managements publicly commit to the process outlined by Prime Minister Scott Morrison, which they see as a sophisticated, considered series of steps to correct chronic failure in the domestic gas market.

“Success in this effort will avoid potential short-term damage and, through medium term steps, offers a strong foundation for new investment and economic recovery based on stable, competitive energy markets,” the companies said in a joint statement.

Effective actions, adopted in a timely way, are essential to sustain substantial parts of Australian manufacturing – and tens of thousands of jobs, which have been placed at risk by the instability of supply and sharply rising cost of gas since 2015. The compounding influence of the pandemic on Australia’s economy heightens pressure on these businesses and demands a sense of urgency in resolution of the gas issues.

The companies confirm their commitment to the Government’s process to reach a heads of agreement and industry code of conduct, preferably by November. As the Government has outlined, the key principles are related to adequate supply and an appropriate pricing mechanism.

While allowing for the fact that 80 per cent of Australia’s gas is exported, industrial consumers emphasise the need to balance resource management with security of supply to our domestic market. This is one key factor for the heads of agreement.

A second vital element of heads of agreement is a globally competitive benchmark for a price mechanism, which should be the US Henry Hub. The US market is similar to Australia in that it has substantial domestic gas and is a gas exporter. Its Henry Hub mechanism is a transparent, contestable market-making mechanism for both producers and consumers.

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### About Opal

Opal is a leading packaging and paper business, manufacturing innovative, renewable fibre packaging and paper solutions. Opal has more than 4,500 employees across Australia and New Zealand. Opal also exports Australian made products to more than 70 countries around the world.

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