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## **Costs, chaos and job cuts: Victorians set to pay the price for Government's anti-gas obsession**

The Victorian Government's plan to ban consumers from installing or replacing gas hot water and heating appliances is based on "unreliable" analysis, could directly cost the public up to \$5.8 billion over the next decade and result in 1 in 5 job losses in the appliance manufacturing industry.

The Gas Appliance Manufacturers Association of Australia (GAMAA) has today released the findings of an independent assessment authored by Evaluate Consulting.

GAMAA President Ross Jamieson said the proposal to strip away fundamental consumer rights and begin shutting down Victoria's residential and commercial gas network has far-reaching consequences for all Victorians, and not just gas users.

"For this reason, GAMAA commissioned an independent review and the results expose the very high cost of this unprecedented and ill-conceived measure which imposes up to \$5.8 billion on gas users in additional costs," he said.

"This doesn't include any of the extra \$22 billion in higher electricity bills for all Victorian households and businesses that energy market experts suggest will be needed over the next 20 years needed to pay for new poles and wires to bolster the already struggling electricity system."

The Evaluate report found that many of the benefits in the Victorian Government's Regulatory Impact Statement "have been overstated, and numerous costs have been undervalued, rendering the cost-benefit analysis results unreliable across all options, including the government's preferred one."

"The government's proposal is backed by numbers and assumptions that are simply wrong," Mr Jamieson said.

"Evaluate and GAMAA's results are based on verified independent real-world cost and performance information obtained from appliance providers and installers. GAMAA stands by these numbers."

The Government's proposal would have crippling consequences for Victoria's gas appliance industry with an almost immediate loss of more than 440 Jobs. Evaluate notes a projected 30% loss in turnover in the next 10 years.

"The report found that at least three Victorian business would close and many, including businesses that also manufacture electrical appliances, would be reviewing their future given the impact on business viability and continued market uncertainty," Mr Jamieson said.

"While some households may benefit from switching to electric appliances, around one million households would be left worse off by being forced to pay as much as \$30,000 extra in upfront costs for only a potential \$545 per year in energy bill savings or \$6,540 over the life of electric replacement appliances.

"The proposals are also manifestly unfair hitting struggling households hardest, forcing them into more debt or to downgrade to cheaper less efficient plug-in electric heaters which will cost much more than gas heaters to run."

Mr Jamieson said the Victorian Government's analysis on future electricity prices was at odds with independent research conducted for Infrastructure Victoria, Energy Networks Australia and work undertaken by the highly respected Professor Paul Simshauser of Griffith University.

"The Government makes great play about the uncertainty over future gas prices, but it hasn't

been upfront about the degree to which electricity prices are going to rise under their plans,” he said.

“In addition to the massive cost on consumers, the results show that the proposals also fail to meet the government’s other key objectives.”

Mr Jamieson said the Government’s plan would reduce Victoria’s carbon emissions by around 3 per cent at a cost of between \$208 and \$525 per tonne, about three times higher than the government’s own benchmark price for carbon.

“This skyrockets to more than \$1200 per tonne if you include the cost of the additional electrical network and generation,” he said.

“GAMAA calls on the Victorian Government to drop this costly and draconian proposal which just adds more costs, market chaos and lost jobs - all without making any difference to Victoria’s gas supply challenges.

“The apparent willingness of the government to destroy a well-established home-grown manufacturing industry overnight for ideological reasons raises serious sovereign risk concerns for future investment in appliance manufacturing in Victoria”.

“With public polling constantly showing overwhelming public support for gas and its value as a clean, reliable and instant source of energy and heat, the Victorian Government must do the right thing by struggling families and businesses and adopt a new approach.

“They must provide credible information for consumers on installed costs, appliance efficiency, energy prices and running cost savings to encourage replacement with high efficiency gas appliances or electrification where cost effective.

“We challenge Energy Minister D'Ambrosio to explain why, if electrification makes such good financial sense, is there a need to force it on consumers by removing their right to choose?”

“Give consumers good information on costs and benefits and let them make the decisions that best suit their circumstances.”

More than 60 per cent of gas appliances sold in Australia are made in Australia, with GAMAA members employing around 4000 people, many in regional centres.

The Evaluate Report and GAMAA submissions can be viewed at [www.gamaa.asn.au](http://www.gamaa.asn.au)

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