

7 March, 2014

Bell Bay Aluminium calls for further reform to State government-owned network business

One of Northern Tasmania's major employers has publically called for further reform to Tasmania's energy sector to exert downward pressure on costs for major industry, business and Tasmanian families at a Tasmanian Minerals and Energy Council Business Forum in Launceston today.

Referring to independent reports recently released by the Grattan Institute¹ and the University of Tasmania², Bell Bay Aluminium's General Manager, Ray Mostogl has told the business forum that whilst electricity consumption has decreased across Tasmania over the last decade, transmission costs have stayed high for major industry, more than doubling over the last five years and at the same time Tasmanian families are experiencing significant cost stress resulting from high electricity prices.

Recognising the importance of electricity costs to all Tasmanians, Mr Mostogl said "Tasmania's major industrials, including Bell Bay Aluminium, account for more than 60% of the State's energy consumption and help to keep prices down for Tasmanian businesses and families by providing stable base load demand to the State's electricity system.

Without access to a reliably delivered energy supply at an affordable and competitive cost Tasmania has the potential to see major industries significantly reduce production or risk permanent exit from the State. This will translate in to continuing falling demand for electricity and even higher electricity bills in the short term, loss of economic output and thousands of direct and indirect jobs which will decrease the standard of living for all Tasmanians."

To prevent this downward spiral from occurring Mr Mostogl has called for greater regulatory reform at a Federal level, significantly reduced capital and operating expenditures and improved corporate governance of the State government-owned network business to ensure it runs as efficiently and productively as possible.

Mr Mostogl said "There needs to be an informed debate about this issue and we all need to recognise as a matter of urgency that Tasmania's future is at a critical point. A future State Government must act to work collaboratively with industry, business and the Tasmanian community to address the issue of energy policy on a structural basis. We need to develop short and long term strategies which will result in affordable and competitive energy prices that will retain major industries, grow our economy, create jobs for more Tasmanians and reduce price pressures on all Tasmanian households."

¹Shock to the System December 2013

<http://grattan.edu.au/publications/reports/post/shock-to-the-system-dealing-with-falling-electricity-demand/>

² Cost of Living Pressures on Tasmanian Households: Causes and Options for Reform 2014

http://www.utas.edu.au/data/assets/pdf_file/0006/467898/UTAS-Cost-of-Living_final_28_2_14.pdf

About Bell Bay Aluminium:

Bell Bay Aluminium is located on the Tamar River near George Town in Northern Tasmania.

Bell Bay Aluminium directly and indirectly employs more than a thousand Tasmanians and contributes \$690M per annum to Tasmania's Gross State Product.

Annual production in 2013: 189, 000 tonnes

Economic contribution in 2013: \$247M spent purchasing goods and services from 326 Tasmanian suppliers

\$49M total salaries paid

Bell Bay was the first aluminium smelter built in the Southern Hemisphere, commencing production in 1955 as a joint venture between the Commonwealth and Tasmanian Governments.

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