



Australian Pipeline Industry Association Limited

MEDIA RELEASE

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Pipeline Industry to re-launch campaign against regulation

The Australian Pipeline Industry Association (APIA) is to relaunch its campaign against over-regulation of the gas transmission industry, highlighting the Australian Competition and Consumer Commission's (ACCC) hindrance of infrastructure investment.

"Investment in infrastructure is vital for Australia's future, but it is being hindered by over-regulation, particularly in the gas pipeline industry, Chief Executive of APIA, Cheryl Cartwright, said today.

The APIA comments come in the wake of the Australian Competition Tribunal's stunning decision to overturn the ACCC's valuation of the Moomba to Sydney pipeline's capital base. The Tribunal's figure is 53 per cent higher than the valuation sought by the Australian Competition and Consumer Commission (ACCC).

The owner of the pipeline, Australian Pipeline Trust (APT) had valued the initial capital base at \$740 million, while the ACCC had valued it at \$545 million. The Tribunal ordered that the Moomba to Sydney gas pipeline's initial capital base, which affects the tariff that can be charged to transport gas, be set at \$834.66 million.

"The decision further demonstrates the ACCC's poor understanding of infrastructure valuation and investment and proves that regulation of gas pipelines is an unnecessary restriction on the industry," Ms Cartwright said.

"It is a stunning rejection of the ACCC's determination to over-regulate and undervalue the gas transmission industry.

"The pipeline industry has connected the eastern states, creating a working gas market and the industry should be rewarded not penalised for this investment.

"If regulators succeed in reducing returns on current investment they risk holding back future infrastructure investment, endangering Australia's prosperity, and reducing our capacity to meet the nation's future energy needs."

The Productivity Commission's report on the Gas Access Regime has clearly recognised the need for infrastructure investment and called for the ACCC to be given oversight of the industry, rather than its current interventionist role.

APIA has argued strongly for the PC report to be implemented and will now intensify its campaign.

"All levels of Government need to work in consultation with industry to achieve investment in infrastructure for Australia's future."

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