

DOWNSTREAM GAS SUPPLY AND AVAILABILITY IN NSW

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BEGA CHEESE
SINCE 1899

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The Committee Manager
State and Regional Development Committee
Parliament House
Macquarie St
Sydney NSW 2000

Dear Committee,

Inquiry into downstream gas supply and availability in NSW

Bega Cheese Limited has operated in the Bega valley since 1899. The success of the business for more than 100 years has delivered significant economic and social value to the Bega community. Bega Cheese operates in a global market place and therefore our costs of manufacture must compete with both Australian and international dairy companies.

Bega Cheese's manufacturing and packing facilities located in Bega produce export products for more than 40 countries around the world and retail cheese packs from our factories represent circa 40% of the cheese products in the Australian supermarket dairy case.

A significant cost and risk factor in the operation of our business is energy cost, energy supply and delivery. Bega Cheese considers these as risks for major projects to expand the business and increase our ability to create additional regional employment.

Throughout its development Bega Cheese has value added the milk produced by local dairy farmers in the Bega valley. Product energy intensity increases as greater value is added to milk components. Therefore higher value products, generally require more energy and create increased risk but delivers greater employment opportunities for the region.

In recent years, Bega Cheese has expanded beyond its geographic boundaries and currently operates two significant manufacturing facilities in Northern Victoria. In particular Bega Cheese has developed a significant skill base in the production of high value dairy nutritional products such as infant formula. While we are delighted with our facilities in Northern Victoria (which are predominately powered by natural gas) we have identified that an opportunity may potentially exist for us to utilise our skill base and intellectual property to expand our infant formula production and value adding to Bega. Clearly an infrastructure development such as this would require a competitive energy source and would have the potential to attract investment in the region from Asia, creating significant employment and opportunity for the Bega area.

BEGA CHEESE LIMITED

Head Office, Cheese Packaging & Processing: 23-45 Ridge Street, North Bega NSW 2550, Australia
Butter, Cheese & Powder Manufacture: 13 Lagoon Street, North Bega NSW 2550, Australia



The lack of natural gas to the region requires the business to source its fuel needs for gas from other more costly options and sometimes with additional business continuity risks. Bega Cheese estimates its current annual requirement to be circa 300,000 GJ. Bega Cheese's usage may increase if our strategic planning isn't constrained by our present reality that the cost of manufacturing using gas is a greater cost burden compared to other manufacturers in the southern states and in other countries.

Bega Cheese suggests that there is a significant economic and development opportunity for Bega and the surrounding townships in the path of a natural gas pipeline. There is predominantly an agricultural and tourist based economy in the region but this could change if a pipeline install reduces the cost of energy intensive manufacture.

Bega Cheese suggests that the Inquiry needs to review the opportunities to decentralise manufacturing and the support for regional development that a pipeline would create in its consideration of gas supply and availability along the far south coast of NSW.

Bega Cheese would like to be involved in any way possible to support the committee and the inquiry. Please contact myself if you require any additional information.

Regards



Elvis Amair

Manager – Environment & Sustainability

