



## Seafarm

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### SUBMISSION : Regulated Retail Electricity Prices 2013- 2014 Cost Components and Other Issues

I have been asked to respond to Daniel Saunders email of the 13<sup>th</sup> December. Submissions close on 7/01/13.

I am putting our thoughts as simply and as succinctly as possible.

We are Australia's biggest prawn farm, operating since 1983 producing Crystal Bay Prawns.

We suffered \$11m loss in Cyclone "Yasi". Less than half of this was recoverable through insurance.

We have three sites – a hatchery at Flying Fish Point and two adjoining farms at Cardwell.

There are 110 ponds at Cardwell covering 124 hectares.

In the past we have used a minimum of 20 HP (15 kw /hectare for aeration / water movement). If we could get more power we would use it.

It takes 6 months to grow a crop. This equals 64,800kwh/ hectare for aeration alone.

Our pumping costs are high. There are 9 pumps to supply seawater at the Cardwell sites (2x 110kw, 6x 90kw, 1x75kw and 5x50kw). These pumps are used as required. We are unable to use them at certain low tide levels.

Our processing plant has big demands with freezer rooms and freezing plants. Our base load at the processing plant is not insignificant and we have major increases when processing the prawns.

In the first half of 2012 we received verbal advice from Minister McArdle's office that they were aware of sending us to the brink.

We have no control of retail prices and we compete against imports.

In early 2012 I signed a cheque for \$207,000 for a month's power usage.

Cyclone Yasi nearly broke our Company. Without QRAA assistance we would have ceased operation. Our Company is the biggest employer in Cardwell.

If our early 2012 power consumption is to be used as an indicator, we would pay approx \$2m a year (on early 2012 prices). Simple maths says that a 10% rise equals \$200,000 extra for electricity, etc. In other words if ERGON Energy puts the price to the level that industry leaders are indicating we will not be able to continue this business.

We are prepared to open our books to genuine Govt officials to show our bona fides.



It will be a sad day to see aquaculture cease because of a poor understanding of our industry. It must be realised that increase in power costs must be factored into the farm gate costs. One ton of prawns has a small margin for us. By taking out all fixed costs and then adding \$400,000 to \$800,000 to our overheads a year would be impossible to meet.

I am available at any time to assist the understanding of this industry prior to implementation of major changes.

Feel free to contact me on Ph 02 49821233 or mob. 0408 662980 or Andrew Crole on 0428 245118.  
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Bob Martin

