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From: Hamish Millar [REDACTED]
Sent: Wednesday, 20 March 2013 11:01 AM
To: General Electricity Address
Subject: Submission

Queensland Competition Authority

Dear Sir/Madam

I write to express my concern over the proposed draft price path for electricity prices. The draft price increases have the real potential to undermine the profitability and sustainability of agriculture in the Emerald Irrigation Area. The local industry faces many challenges to remain in business, the high dollar, increasing input costs and below average commodity prices all contribute to our declining terms of trade and continue to threaten our international competitiveness. The price path determines that our electricity costs will approximately double over the next 7 years, notwithstanding the significant increases incurred over the last few years, 16% 2010, 13% 2011, 7% 2012, 10% 2013 and 17.5% planned for 2014.

Electricity is an important production cost to the Emerald Irrigation Area, it underpins and supports irrigation infrastructure. The Qld Govt over the last 15 years supported and encouraged our irrigation industry to adopt more water use efficient systems. The government promoted and incentivized farmers to replace flood irrigation systems to overhead and sub surface systems which rely heavily on electricity. The government also encouraged a 'Best Management Practices' approach to ensuring all water on farm can be captured and reused for irrigation requiring further energy intensive systems to achieve this outcome. Another real concern is the downstream affect on the supply chain with cotton ginning and warehousing. These services are energy intensive and will not be able to absorb the increased electricity costs and will significantly be impacted. These costs will be passed onto farmers. Also for note is the irrigation sector just participated in a review of water prices determined by QCA. Whilst the outcome of the review was considered fair, we will see increases in water charges over the next 5 years increasing our cost of production. I note the government values agriculture as part of its four pillar economy, this draft determination will negatively impact all agriculture sectors in some direct or indirect way and I encourage the government to reject the draft price path for agricultural based industries and look to implement increases in line with CPI.

Yours Sincerely

Hamish Millar
Millar Farms Pty Ltd
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