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**FITZROY BASIN FOOD & FIBRE
ASSOCIATION INC.**

17th November 2009

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Email: electricity@qca.org.au

Dear Sir

SUBMISSION ON REVIEW OF ELECTRICITY PRICING AND TARIFF STRUCTURES – STAGE 2

The Fitzroy Basin Food & Fibre Association is the foremost group representing Fitzroy Basin irrigators in Queensland. Our members own and manage farming and grazing enterprises that range in size from small intensive farming blocks (<50ha) to large areas of mixed farming and grazing (>10,000ha), that include irrigation and dry-land farming practises. The association is a fully voluntary organization, formed in 2001, and continues to grow and attract new membership of dedicated irrigators. It is an important voice for irrigators, to communicate with government agencies, researchers and external stakeholders.

Thank you for the opportunity to make a submission on the review of electricity pricing and tariff structures – stage 2. Electricity is a major cost item for our members. Consequently

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Board Member Contacts

Lower Fitzroy: *Ron Bahnisch* Ph: 4933 4011
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Comet River: *Ross Ingram* Ph: 4984 4072
Callide Valley:
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Nogoa River:
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(Chairman)

any increase in electricity costs or changes in tariff structures are a major concern for the irrigation industry.

Below are our comments on a number of issues of concern in your draft report:-

- The removal of four of the five 'Farm and Irrigation' tariffs is a huge concern. Presently, irrigators have considerable choice as to the tariff that best suits their enterprise. To remove this choice is not desirable, when our members are not located in south east Queensland and thus unable to take advantage of electricity competition. Our members also have different requirements for electricity supply according to whether they are high energy users over a short period while water harvesting or have extended use due to say centre pivot type irrigation practices.
- Many of our members have set up their operations to take advantage of off peak tariffs. Other have made the conscious decision to irrigate 24 hours a day and have made capital investments in infrastructure, given the tariffs available. The removal of tariffs will adversely affect many irrigators and require them to make considerable capital changes to adjust. This will also discourage off peak use of water which could be yielding significant savings in water use. These types of water use efficiency measures have been actively encourage by Governments for many years.
- A choice of at least 2 farm tariffs should remain.
- Care needs to be taken regarding changes proposed to remove any subsidies between high and low usage customers. It is important that measures to help address adjustment to this proposal are adequately examined and negotiated.
- Another issue for our members, is the potential impact on water service providers (like Sunwater) who deliver water to farmers. Typically around a quarter of irrigation water service providers' costs are electricity and these are passed on to consumers. Water service providers are major electricity users in regional Queensland. The impact of these changes on water providers, being passed directly to customers also needs to be examined prior to any decision on implementation.
- FBF&F members have not had sufficient time to consider the implications of this proposal. A one tariff structure could have major cost implications for farms as well as impeding the implementation of water use efficiency and other important water reform measures.

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In closing, our members are not adverse to improvements in service delivery of major inputs such as electricity as there is often a fine line in the comparison of pump operating costs between electric or diesel. The biggest advantage of electric drive is lower plant maintenance cost – higher electricity charges will negate that benefit.

Yours sincerely

Jeanie Conachan

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