

## Still a long way to go to get affordable power

The Australian Competition and Consumer Commission's (ACCC) [preliminary report on retail electricity pricing](#) is a good start, and reveals the enormity of the task of restoring Australia to the position it should have; power as a competitive advantage - not disadvantage, says the National Irrigators' Council (NIC).

NIC CEO Steve Whan said "Australia's power prices are hitting agricultural productivity and competitiveness. If we don't reverse the trend, Australia will continue to lose export markets and consumers will pay much more for fresh, locally produced, food.

"NIC welcomes the first stage of the ACCC's energy price investigation. We welcome the recognition in the report of key problems the [Agricultural Industries Energy Task Force raised in its submission](#) (the task force includes 11 peak agricultural bodies\*).

"The ACCC report is a little more diplomatic than angry irrigators, but the message from the report is the same as ours. The electricity market is failing the nation.

"From generation, to distribution and retail, this market is working against providing Australia, and the world, with reasonably priced irrigated food and natural fibre.

"Our submission highlighted examples of producers forced to switch to diesel generation to stay competitive and productive, vegetable producers losing export markets and even a Queensland irrigation scheme in danger of closing down altogether.

"The NIC and groups like CANEGROWERS have consistently and vehemently criticised the returns built in to network charges through the Regulated Asset Base (RAB) – and allowed, because of market rules weighted in favour of asset owners.

"We are pleased to see strong conclusions including on '*over-investment in electricity network operators, inefficient cost recovery and higher than warranted rates of return, due to the network regulation framework which has led to increased costs for consumers*' (ACCC p151). We are less impressed with the prospect of addressing this pressing and critical problem.

"We welcome strong conclusions on inadequate competition in retail and generation, some of which reflect our submission's views on market power of big vertically integrated operations.

"But, this report is only a first step, the answers aren't there yet.

"If we want to eat fresh locally produced food, and be a major agricultural exporter, then we must keep the pressure on to get answers that produce an immediate reduction of 30% in electricity prices. NIC considers a sustainable power price ceiling of 8 cents per kwh for the electrons and 8 cents for the network a sound long term objective."

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**Monday 16 October 2017**

\* **Agricultural Industries Energy Task Force:** National Irrigators Council; CANEGROWERS; National Farmers Federation; NSW Farmers; Queensland Farmers; Central Irrigation Trust; Cotton Australia; NSW Irrigators Council; Bundaberg Regional Irrigators Group; Winemakers Federation of Australia; Pioneer Valley Water; Dairy Connect.