

Lower Power Prices & Certainty - too much to ask post Finkel?

The National Irrigators' Council (NIC) says Friday's Finkel report must set the stage for a return to certainty and lower electricity prices otherwise Australia risks pricing itself out of international markets.

NIC CEO Steve Whan said "Government and the Australian people see agriculture, and particularly irrigated agriculture, as supplying fresh food for Asia, driving export income and jobs so that Australians can continue to enjoy our high living standards.

"Water and electricity are inputs that enable Australia to supply that fresh food and natural fibre. It is quite clear that electricity prices continue at current levels there will be a growing gap between expectations and reality.

"Electricity prices can be a massive input cost for producers of vegetables, fruit, nuts, dairy products, grapes, sugar cane and cotton.

"That input cost is often exaggerated where a producer has 'done the right thing' and switched over to technologies that save water.

"Just one recent South Australian example gives an indication of the way out of control power prices are feeding into irrigator's costs.

"Central Irrigation Trust's members will soon be asked to approve proposed annual charges for their water which a 47% increase in the per Megalitre charge for high pressure peak supplies and a massive 66% increase for high pressure / high lift charges.

"These are single year increases and they reflect entirely increases in electricity costs. Remember on top of that a farmer will have their own on farm electricity costs.

"It's not going to be good enough for Friday's report to just be the start of a process that in the medium to long term slows increases or just stabilises prices. And it won't be good enough if the outcome is one that allows networks and their owners to lock in exorbitant returns at the expense of consumers.

"Australia's power prices are a serious threat to the production of reasonably priced agricultural product. Australia should have a competitive advantage with energy and Friday's Finkel report needs to be the start of power prices coming down.

"Not just another chapter in an argument where everyone, bar the network owners, are the losers."

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