Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

Re: Rural Irrigation Price Review 2020-24 Proposed Giru Benefitted Area Pricing

As farmers of a commodity that is mostly exported into the world market, providing valuable income for Australia, we are told that we must compete with other countries on the level playing field, or in other words, without any support from the government. Unfortunately, the field is not so level for us because we are competing against many countries that provide higher than the world market prices for their growers. This results in overproduction and the surplus to these countries' domestic requirements is then dumped on the world market, reducing the world price.

The only way we can stay in business in face of these artificially induced low prices is by becoming more and more efficient. This means trying to grow larger and larger crops while trying to reduce costs.

The problem we then have is that many of our costs are from monopoly providers who do not have to price competitively as there are no alternate suppliers.

Ergon the electricity supplier is the first monopoly that affects our business. Growers must take the price that is offered, which has been subject to relentless increases over the past ten years.

The next monopoly input is the water supplied by Sunwater for which there are ongoing incremental increases. Part of these increases is made up of the cost incurred to Sunwater by Ergon for the pumping component of supplying water to growers.

As producers we are price takers, not price setters. We cannot simply pass on our increased costs to consumers, as these monopolies can to us when their costs rise or shareholders demand higher dividends. We are forced to absorb these higher and higher costs whilst trying to grow a crop for which the most essential input is water.

The proposed 100% price increase by the QCA will have a devastating impact on growers' abilities to compete in the world market.

A doubling of the cost of water, one of the main costs of growing sugar, will make cane farming unviable in the Giru area. Within five years, the 350 000 tonnes of cane currently grown in the Giru area will be eliminated.

A QEAS report analysing the economic contribution of the Sugarcane Industry to Queensland and its regional economies found that one dollar in economic activity in cane-growing supports an additional $6.40 elsewhere in the Queensland economy. Therefore, the direct value loss of over 13 million dollars of cane production in the Giru area will cause a reduction of around 85 million dollars in economic activity in Queensland. This will exacerbate the record unemployment rates in the Townsville area.

Further implications include the potential closure of one of the four Wilmar-owned mills in the Burdekin due to the reduction in cane supply and the additional job losses of mill employees that will follow.

Due to competing with subsidised overseas growers and being subject to increased costs imposed by monopoly suppliers, growers' efficiency and crop yields are at a limit and further increases in cost are simply unsustainable for the ongoing viability of irrigators in the Giru Benefitted area.