



Pioneer Valley Water Co-operative Limited.

A co-operative formed under the *Cooperatives Act 1997*.
ABN: 55 322 373 770

PO Box 275
(Level A, 120 Wood Street)
Mackay QLD 4740

Ref: 10_029_10

5 May 2020

Queensland Competition Authority
GPO Box 2257
Brisbane Q4001

Submitted via: www.qca.org.au/submissions

Reference: Regulated Retail Electricity Prices for 2020-21

Dear Sir/Madam,

Pioneer Valley Water Co-operative Limited (PVWater) is a small non-profit service provider, distributing water for irrigation purposes to water allocation holders in the Pioneer River Water Supply Scheme. Our members are mostly sugarcane growers in the Pioneer Valley west of Mackay.

In the 2019-20 year the obsolete electricity tariffs (T-62) suitable for our use were extended through until July 2021. Despite actually needing a considerable reduction in electricity costs this extension was gratefully accepted by the irrigators and by Distribution Licence Holders like PVWater.

However, after extensive discussions with Ergon we are advised that the most suitable tariff for us after June 30, 2021 will be Tariff 44.

BASED ON CURRENT AND HISTORICAL USAGE, TARIFF 44 WILL INCREASE OUR ANNUAL COST BY 47%.

As QCA are well aware Ergon Energy has a monopoly in regional Queensland

PVWater is cognisant of the Queensland Competition Authority (the Authority)'s obligation under Part 3 Division 3 Section 24 of the Queensland Competition Act 1997 (the Act) to comply with Ministers' Directions in relation to investigations into pricing practices.

In their Rural irrigation price review 2020-24 Part A , QCA Approach states

“We must undertake our investigation and make recommendations in accordance with the relevant legal framework ('the pricing framework'), including the Minister's referral and the QCA Act.”

We note that under Section 26 of the Act, there are a range of matters which must be given due regard in the conduct of such an investigation, and we once again encourage the Authority not to be tempted to give those matters perfunctory service.

We draw the Authority's attention to the following matters specifically:

“Section 26 Matters to be considered by the Authority for investigation

(1) In conducting an investigation under this division, the Authority must have regard to the following matters—

(c) the protection of consumers from abuses of monopoly power;

(g) the impact on the environment of prices charged by the government agency or other person carrying on the monopoly business activity;

(h) social welfare and equity considerations including community service obligations, and the social impact of pricing practices;

(j) the need for pricing practices not to discourage socially desirable investment or innovation by government agencies and persons carrying on non-government business activities;

(m) economic and regional development issues, including employment and investment growth;”

Irrigators in the Pioneer Valley as elsewhere are suffering from continually increasing water and electricity prices, lower returns for sugar cane and the prospect of increased competition from countries who no longer need to use their sugarcane for ethanol production because of world-wide low oil prices. Unlike government, our irrigators are not just inconvenienced by not getting an annual salary increase – they are facing the real prospect of walking off their farms!

Far from being able to afford an increase in Electricity Charges, allocation holders in the Pioneer Valley need price relief!

Families are not prepared to carry on farming traditions with guaranteed higher costs and lower returns and unfortunately when farmers leave their land, they are unlikely ever to return.

We need a reduction in electricity costs to ensure the future of our industry.

I look forward to a positive outcome and know that you will take into consideration the future of our regional communities who are all ultimately affected by your decision.

Yours faithfully,

A handwritten signature in black ink that reads "Steven Ford". The signature is written in a cursive, flowing style with a large initial 'S'.

**STEVEN FORD
GENERAL MANAGER.**