

Grattan report mirrors Ag's concerns on electricity

“There are very few winners when an irrigator is forced by high electricity network charges to install a diesel generator and go off grid” said National Irrigators Council (NIC) CEO, Steve Whan today in welcoming the Grattan Institute’s report ‘[Down to the Wire: A sustainable electricity network for Australia.](#)’

Steve Whan said “the Grattan Institute has found that the network’s \$90 billion Regulated Asset Base (RAB) is unsustainable – they say it is \$20 billion or 22% too high. It’s a point irrigators and the Agricultural Industries Energy Taskforce have been making in submission after submission.

“Irrigators use energy to pump water and this massive overpricing, highlighted again by the Grattan Institute, damages, not only our capacity to supply food and fibre to Australians at reasonable prices, but also our ability to be the much vaunted ‘food bowl’ for Asia.

“For agricultural consumers these massively inflated costs bring outcomes that we would all think were undesirable.

“The most obvious one is when farmers replace electric pumps with diesel systems. They do it because it is more cost effective, and so the direct impact of energy policy is to see more imported fossil fuel use.

“The other outcome we are seeing in some areas is farmers simply stopping irrigating. The impact of that is much lower yields and far fewer jobs in harvesting and processing. We have seen this happening in Queensland’s sugar cane crops for the past 4 years

“When irrigators go off grid, it leaves those remaining with a bigger share of network costs and in turn incentivises more to go off grid. This is what the term ‘death cycle’ refers to.

“For too long our concerns have been sidelined by regulatory arrangements. Arrangements that put network profits ahead of agricultural consumers’ – and the national - interests.

“We have been demanding a commitment to a long term sustainable price ceiling for electricity of 8 cents per kw/h for the electrons (R) and 8 cents for the supply. (N)

“We welcome the Grattan Institute’s contribution to this vital policy debate and say to all Governments it is time to stop insisting that consumers fit in with what the electricity industry wants, it is time to make the electricity industry fit for the service of Australia.”

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Monday 26 March 2018