



# National Irrigators' Council

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Submission to the ACCC  
Collective bargaining class exemption  
[adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Sir/Madam

## Re Proposal to implement a class exemption for small business to collectively bargain

The National Irrigators' Council (NIC) is pleased to provide feedback in response to the ACCC's proposal to develop a 'class exemption' that would provide legal protection for:

- businesses with an annual turnover of less than \$10 million in the preceding financial year to collectively bargain with customers or suppliers, and
- all franchisees to collectively bargain with their franchisor regardless of their size or other characteristics

without them having to apply to the ACCC.

### Recommendation

NIC is supportive of the proposal and further recommends that the proposed class exemption should be available to collective bargaining groups with a threshold annual turnover of less than \$20 million in the preceding financial year.

### This will allow irrigators to form energy buying groups in order to negotiate better value from retailers and networks across the NEM.

As part of NIC's broader advocacy to achieve a more competitive environment for the agriculture sector, we are seeking:

- **16 cents/kWh maximum:** a price ceiling for electricity of 8 cents/kWh for electrons and 8 cents/kWh for supply;
- **Implementation of the ACCC Retail Electricity Pricing inquiry recommendations** including those relating to network costs.
- **A NEM rule change** to optimising the Regulated Asset Base (RAB)
- **Introduction of irrigator tariffs:** recognising that irrigation demand is not driving critical peak loads on hot days;
- **Genuine competition:** a properly functioning market with competition at all levels;
- **Local networks:** removing network barriers to sharing of local energy generation on local networks;
- **Reducing the barriers** to connecting on-farm generation to the grid;
- **Policy certainty:** a stable energy policy that is technology-neutral, market-based and economy-wide, delivering affordable, reliable and secure energy;

We believe that the proposal to implement **a class exemption for small business to collectively bargain will assist in achieving our stated aims.**

Agriculture contributes \$60 billion dollars to Australia's economy and, based on its current trajectory, the agricultural industry is forecast to grow to \$84 billion by 2030 (ABS 2017). For too long now, the cost of electricity has become a significant input factor in Australia's food and fibre production, impacting the ability to remain internationally competitive while utilising modern, water-efficient irrigation equipment.

Australia's agriculture industries play a significant role as economic drivers in local economies, providing flow on benefits to the national economy. These industries include cotton, rice, sugar, wine, almonds, horticulture and dairy where energy is used for pumping irrigation water, pasteurisation, cool rooms, processing plants and moving products.

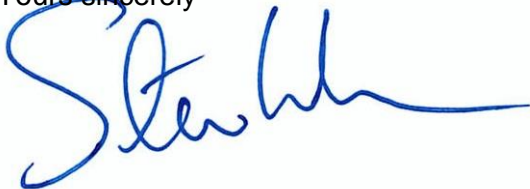
In 2016 and 2017 in South Australia, our members faced unreasonable business challenges which threatened their survival. Their only option was to participate in the wholesale and volatile electricity market in that state, in an environment lacking competition and where they faced exposure to high costs due to the volatility and fluctuations in the spot market. This was on top of a series of events in the state putting further pressure on price and supply, including the closure of the Northern power station.

Greater competition in wholesale generation and retailing and the ability of companies to collectively negotiate for a contract that results in lower electricity prices, will underpin the capacity of productive agriculture businesses to maintain their competitiveness.

As part of the effort to reduce their energy input costs, Australian farmers and agriculture industries are also embracing technology to enhance production and operational efficiencies, and increasingly, farmers are adopting renewable energy solutions to manage unsustainable electricity prices, off-set unavoidable peak demand charges and working to decarbonise the 'energy mix'.

We commend our feedback for your consideration.

Yours sincerely



Steve Whan  
CEO