



Tim Whetstone MP

Shadow Minister for Investment and Trade



Australian Competition and Consumer Commission (ACCC)
GPO Box 922
ADELAIDE SA 5000

C/- South Australian Chamber of Mines and Energy Incorporated

TO WHOM IT MAY CONCERN

I write in support of the South Australia Chamber of Mines and Energy Incorporated's application to the Australian Competition and Consumer Commission for authorisation to establish a joint electricity-buying group.

Operating under some of the highest electricity prices in the country, South Australian businesses are under immense pressure to maintain competitiveness in their respective markets with increasingly squeezed profit margins.

In order for South Australia to be internationally and domestically competitive, it is imperative that businesses are able to reduce input costs to remain viable in a global market. Electricity now represents the highest input cost for many SA businesses and a strategy to make budget savings measures to remain viable and to improve reliability of supply is needed urgently.

This collaborative model is a method for high electricity users to control operational costs and increase reliability of supply. The formation of a buyer group with demand for reliable supply has the capacity to encourage new generation, inducing new entrants to electricity generation through the contracting of such a large-scale tender. However, I note that tenders for the 10% stake of South Australian electricity use, as represented by the proposed buyer group, if limited to synchronous supply, should be targeted at new generation to ensure the energy mix in other business and residential contracts does not become more non-synchronous.

My electorate of Chaffey is home to a large number of high-energy consumption industries and has a strong focus on exports. The Central Irrigation Trust, based in the Riverland, is a member of the prospective buyer group. With over 5,000 customers the business has seen an increase of 82% in electricity costs over the last seven years to \$5million, having flow on effects to their customers.

Thomas Foods International as another member of the buyer group are a largescale employer in South Australia. Being primarily export focussed, reduced efficiency from high power prices not only



Tim Whetstone MP

Shadow Minister for Investment and Trade



directly affects the business, but also all of the supplying primary producers, through reduced prices and processing capacity.

Electricity pricing has been one key factor driving investment interstate. If electricity buyer groups enable prices to be driven down for businesses involved, effects on local investment and jobs growth will flow right throughout the entire economy.

Export businesses are struggling to remain globally competitive and as one measure aimed at increasing consumer power and driving down prices through competition in the electricity market, I propose the application be supported in principal.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'T. Whetstone'.

TIM WHETSTONE MP
Shadow Minister for Trade and Investment
Member for Chaffey

21 February 2017