

HD Cargill warns on **energy** prices

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CARGILL chief Philippa Purser says she is 'very worried' about **energy** prices and wants urgent action to address the issue.

Cargill Australia managing director Philippa Purser declared that **energy** prices were currently her biggest concern and said the industry, the public and the government all needed to work together to find a solution to the problem. But she feared none appeared imminent.

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"I am very worried about **energy**. **Energy** costs for our network have gone up dramatically. I look forward with real concern that they could continue to go up dramatically," she told The Australian.

"I am not sure how the **energy** picture in Australia will play out. From what I see today, it isn't clear to me that we are going to solve the problem . . . It is a difficult issue. There are a lot of stakeholders. I don't want to underplay the complexity of it, but it would be nice to see some more action."

Australia now has some of the highest electricity costs in the developed world as a result of the introduction of the carbon tax, the renewable **energy** target and a range of federal and state government policies.

According to the Minerals Council of Australia, household electricity prices have increased by more than 110 per cent in the past five years, and are projected to increase another 7 per cent in 2014-15.

It says businesses -- which account for 70 per cent of total electricity use in Australia -- have experienced an almost 80 per cent increase in prices since 2009 and more hikes are on the way.

Business groups have called for dramatic changes to the Renewable **Energy** Target after the federal government announced a review of the scheme, to be headed by former Reserve Bank board member Dick Warburton.

The review could see a reduction in the mandated target of 41,000 gigawatts an hour of renewable **energy** by 2020.

Cargill Australia has **operations** across the grain and oilseed storage, flour milling and meat processing sectors and is a big **energy** user. In November last year the **company** also secured Foreign Investment Review Board approval for its **acquisition** of Joe White Maltings, Australia's largest malt producer.

While Ms Purser said soaring **energy** costs were her biggest fear, she was also concerned about the state of the nation's railway and port infrastructure. Cargill exports more than 20 per cent of Australia's wheat and owns two **million** tonnes of annual rail capacity after purchasing the grain assets of the Australian Wheat Board two and a half years ago.

"We have inefficient infrastructure here. It would be good to see some more investment in rail. The port access is somewhat problematic in some parts of the country," she said.

But she applauded the government for its pursuit of free trade deals with **China** and Japan after securing a deal with South Korea.

"It is great to see some of the work this government has done on free trade and we look forward to more," she said.

Earlier this month, the government also announced a \$320 **million** assistance package, providing hundreds of families access to welfare payments, low-interest loans and mental health services in remote areas. The drought assistance package provides \$280m to hundreds of farmers to access five-year loans at 4 per cent, up to the value of \$1m each.

But Prime Minister Tony Abbott stressed that despite the tough conditions in parts of the country, he would not consider subsidising farmers and graziers and wanted the sector to remain competitive and self-sufficient.

Ms Purser agreed that subsidies were not the answer.

"It is always good for growers to be growing what the world needs, and the more you put in subsidies, if you are not careful, you discourage innovation and muddy the signals about what people should be growing. The more you can let the free market work, the better," she said. "There are growers here in a difficult position after several tough seasons. Our role is to make sure they plant the right crops and help them produce more from the same land.

"If you have subsidies or not is the wrong question -- it is how do we make farming in Australia an attractive and profitable profession."

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