



4<sup>th</sup> August 2011

Queensland Competition Authority

GPO Box 2257

Brisbane Qld 4001

**Submission to Queensland Competition Authority Review of Regulated Retail Electricity Tariffs**

Donhad Pty Ltd manufactures grinding media for the mining industry from 3 manufacturing plants located in Perth WA, Newcastle NSW and Townsville Queensland. We use induction heating in our process which uses significant quantities of electricity.

The reforms proposed in the Queensland market will have a direct effect on the operations of our Townsville manufacturing facility.

We currently operate on Tariff 22 and Tariff 37 and are concerned that any changes to the electricity tariff structure will potentially increase our power bill significantly. Tariff T37 (Non-residential heating) was originally introduced to attract manufacturing facilities to the state. Changes to the tariff could affect the viability of our manufacturing facility in Townsville.

Power costs make up a large proportion of operating costs. While there is no information about the potential increases in electricity charges presented at this stage, we are concerned that any increases, combined with the effects of the proposed carbon tax, will make our Queensland operation unviable. The Queensland plant currently employs 20 full time employees.

There are only 2 manufacturers of grinding media in Australia and the Townsville plant is the only grinding media manufacturing facility operating in Queensland.

Competition from overseas suppliers has escalated across all manufacturing sectors under the influence of a strengthening Australian dollar. Any increase in electricity charges will add to the mounting pressure on our industry which may ultimately impact on the continued operation of the Townsville facility.

We seek any advice you can offer on the tariff restructure so we can determine the likely impact on our operation in Townsville.

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