QUEENSLAND CHICKEN GROWERS ASSOCIATION

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5th December, 2011.

Queensland Competition Authority
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TO WHOM IT MAY CONCERN

The Queensland Chicken Growers Association is the body representing Queensland's meat chicken farmers, working on behalf of our members to secure a sustainable future. Our association is a member of Queensland Farmers Federation, the peak organisation representing the intensive agricultural sector.

It has been brought to the attention on the Queensland Chicken Growers Association that there are proposed changes to the Queensland Government Regulated Franchise Electricity Tariffs from 1st July 2012 that will have a large impact on quite a number of our members.

The changes that will have the greatest effect on members of the Queensland Chicken Growers Association are the removal of Tariff 20 and Tariff 22 from electricity consumers above 100MWh in South East Queensland (Energex Network Region).

The Queensland Chicken Growers Association are extremely disappointed with the lack of public awareness and lack of consultation regarding the removal of these tariffs in South East Queensland from the 1st July 2012.

The decision to remove these electricity tariffs from the 1st July 2012 has the potential to close some poultry farmers in South East Queensland as they will be forced onto Demand based Tariffs or the Contract Electricity Market where Demand will be a chargeable component. On a Demand based Tariff / Contract, it is imperative for the electricity consumer to have a good load factor where Demand is commensurate with electricity consumption. However, due to circumstances out of our control, some poultry farmers do not have a demand that is commensurate with their electricity consumption. This is mostly due to the computer operated thermo-controlled fans that keep the chicken sheds at necessary pre-set temperatures. The average-sized meat chicken farm has electricity costs accounting for in excess of 7% of operating costs, with an average yearly spend of $56000.

The Queensland Chicken Growers Association is extremely disappointed that the Queensland Government is proposing these changes. When Energex Retail was sold (to Origin Energy) and Ergon Energy Retail (to AGL) in 2007, it is a matter of public record that Queensland electricity customers were assured that no customers would be forced onto the contract market as a result of the sale of these two Queensland Government owned electricity supply retailers. It appears now that this is exactly what is happening.

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It is also surprising to us as an organisation that the Queensland Government is prepared to divide the state, by allowing electricity consumers above 100MWh/annum in the Ergon Energy Network Region to remain on volume based Queensland Government Regulated Franchise Tariffs, whereas the same business in South East Queensland using more than 100MWh is being forced onto contract.

The electricity broker/consultant we are liaising with at present attended an Energy Forum held at the QCA office on Friday the 25th November 2011, at the request of his customers. The electricity broker attempted to ask questions of the QCA so that he could report back to his customers. Unfortunately, he was told, "this was not the Forum in which to ask such questions". When is the right forum for affected Queensland electricity consumers to ask questions and have them answered so that they know the future economic viability of their business from the 1st July 2012?

How will affected customers be informed about the proposed changes to the Queensland Government Regulated Franchise Tariffs from the 1st July 2012, as there seems to be limited public awareness of the changes thus far? As an association, we will need to have adequate opportunity to examine these issues in detail with Energex well prior to implementation in July 2012.

The electricity broker/consultant has also informed us that Declining Block Tariffs and Obsolescent Tariffs (including Heating Tariff 37, Irrigation Tariffs 62, 63, 64 and possibly Tariffs 65 and 66) have been proposed to be removed from service on the 1st July 2012 as well. The removal of these Tariffs will also impact upon some of our members who have incorporated turf farms into their poultry farm businesses, thereby being users of irrigation Tariff 65. Again we stress that there has been inadequate advice to customers that these Tariffs are going to be removed from service.

Finally, if the decision is made to remove Tariff 20 and 22 in South East Queensland for electricity customers above 100MWh per annum, an adequate transition period will need to be given to allow the affected businesses to take account of the impact of the changes to their farming business.

The Queensland Chicken Growers Association objects to the proposed changes to the Queensland Government Regulated Franchise Electricity Tariffs and to the lack of public awareness and the lack of consultation regarding this process.

Should you require any additional information regarding this correspondence please do not hesitate to contact me.

Regards,
Queensland Chicken Growers Association

[redacted]

Jodie Redcliffe
President