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RE: Submission on Behalf of Lockyer Valley Irrigators – Tariff Customers

I thank-you for the opportunity to submit comment into the review process of regulated electricity pricing in Queensland. As an irrigator on tariff 22 my last electricity bill increased by 100% off peak rate, which potentially translates to an additional $6,000 to $8,000 per year.

Having attended the QCA meetings in Gatton, I am heartened that the QCA has taken on board many of the issues raised on behalf of irrigators at the meetings. I would like to take the opportunity to illiterate the issues raised by farmers in the review formally in writing.

1. In case you haven't noticed there are less of us every year – costs of inputs have doubled in the last 10 years and prices for produce are essentially unchanged. For a farmer using irrigation, the single biggest input is electricity to drive the pumps. The 100% increases proposed, will be the last straw that will force many farmers to take their chances at dry-land farming rather than continue irrigating or leave the industry. We are price takers (unfortunately), there is no way the market will absorb the increase in the cost of production. I'm sorry but economic theory doesn't work – you can't pass it on to the market and your just profit gets squeezed. The net affect of the price increases could result in Energex and PowerLink actually making less revenue as actual kilowatts consumed reduce. Frankly, an increase of 100% (tariff 22) is obscene; if an oil company did it with petrol pricing the federal government would get the ACCC involved for price fixing and misuse of market power.

2. Under the current proposal pre-existing tariffs have been frozen and it is intended to make them obsolete in the near further. By freezing the tariffs farmers can't even exit their current tariff situation and move to another as part of a strategy to make the best of a bad situation. In my case I would move back to tariff 65, but it is not permitted under the current policy position.

3. Why are there no provisions to transition the price escalation gradually over an extended period of time? Farmer's on tariffs have just received major increases in electricity costs with no notice all in one hit. A transition period would allow farmers to adjust their enterprise over a period of time in an attempt to accommodate the changes.

4. There was no communication or advice on the pending electricity price increases from retail electricity provides – frankly as a consumer and customer, the whole review and implementation process has been poorly managed. My electricity bill kilowatt rate has already increased 100% - yet here we are now going through a review of electricity pricing with the QCA – after the event.

In closing, I would like to comment on the deregulation of the electricity industry in Queensland. The original strategy was to break up the industry monopoly to create industry competition and reduce prices. The experiment has been a total failure – what has been achieved is the creation of many monopolies off a higher cost base as non-productive administration functions have to be duplicated. We have the same number of power generators still getting $50 - $60 MWh (increased because of the carbon tax), one high voltage distributor called PowerLink, and two low voltage distributors in Energex and Ergon that are exclusively geographically defined. Where exactly is the competition that was meant to reduce electricity pricing.

Regards

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