



## AgForce Queensland Farmers Limited

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23 April 2021

Queensland Competition Authority

### **Re: AgForce submission to Queensland Competition Authority draft determination for regulated electricity prices for regional Queensland 2021–22.**

Thank you for the opportunity to provide comment on the Queensland Competition Authority's draft electricity pricing determination.

AgForce is a peak organisation representing Queensland's cane, cattle, grain, and sheep and wool producers. The cane, beef, grain, sheep and wool industries in Queensland generated around \$7.3 billion in on-farm value of production in 2018-19. AgForce's purpose is to advance sustainable agribusiness and strives to ensure the long-term growth, viability, competitiveness, and profitability of these industries. Almost 5,900 farmers, individuals and businesses provide support to AgForce through membership. Queensland producers provide high-quality food and fibre to Australian and overseas consumers, and contribute significantly to the social fabric of regional, rural and remote communities.

AgForce members are generally considered as small users of electricity. For example, ABARES data indicates across the broadacre sector in Queensland that electricity costs represent 1.25pc of total cash costs on average from 2010 to 2019 (about \$4,000 to 5,000 per annum)<sup>1</sup>. Most properties would comprise of a house, a workshop, storage sheds, and in the case of sheep and wool operations a shearing shed. However, a number of members also irrigate, either via reticulated irrigation schemes, or via river and overland flow harvest and storage. Some of these members currently fall into the current definition of a large user.

#### **Definition of large users, impact of tariff changes**

AgForce is concerned that the definitions of large and small users are not keeping up with modern agricultural business. As farming practices continue to develop, and productivity on-farm increases, so too does the demand for energy.

Family farms within communities involved in river pumping, overland harvesting, and irrigation schemes, rely on irrigation to provide the productivity and security they need to continue to drive Queensland's economic recovery from COVID-19, and continue to produce food and fibre for Queensland and for export. River pumping communities, such as the Upper Condamine and Mungindi, are currently particularly concerned about electricity costs. This concern is due to the short run-time, high-intensity usage patterns of their use and the lack of affordable tariffs that meet this need. Adhering to water resource management requirements, pumps are only operated when river levels are appropriate for the legal take of water. This can be for as few as ten days per year and is an

<sup>1</sup> AgSurf data, <http://apps.agriculture.gov.au/agsurf/agsurf.asp>, accessed April 2021

opportunistic take that cannot be delayed or otherwise scheduled. The volumes required to be pumped in the short amount of time available necessitate large pumps, drawing significant electricity.

AgForce, and other irrigation groups such as Cotton Australia, hold considerable concern that perverse consequences will result if access to tariffs 62, 65, and 66 are removed for large users. Large users (>100 MWh / site / year) currently on tariffs 62, 65, and 66 will see significant increases in their charges if the draft determination is implemented as proposed – such as via tariffs 44 or 45. The immediate consequence will be irrigators turning to diesel-powered pumps or privately-owned generators for power supply. This will have negative environmental outcomes as well as continue to burden the wider Queensland community with increasingly underutilised or redundant distribution network infrastructure.

**Recommendation 1:**

Cost effective and affordable tariffs be available for irrigation and time of use constrained agricultural users.

**Communication of tariff changes and saving opportunities**

AgForce acknowledges and welcomes the recent determination that overall provides workable tariffs for small users. We would anticipate that most small user AgForce members would elect to utilise tariffs 34 or 20.

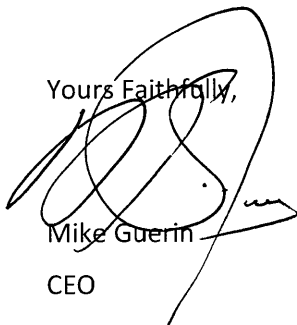
AgForce does however call on the Queensland Government, retailers, and the broader industry to commit to effectively communicating to electricity users the tariffs available. AgForce members have previously expressed disappointment and frustration that tariff changes and opportunities to reduce their bills were not effectively communicated.

**Recommendation 2:**

The range of new electricity tariffs be effectively to all users, enabling uptake of new tariffs where there is benefit to the user.

For any questions on this submission please contact Grains Policy Director and Energy policy lead Cam Parker on 07 3236 3100 or via email ([parkercc@agforceqld.org.au](mailto:parkercc@agforceqld.org.au)).

Yours Faithfully,



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