

20 April 2016

RE: Cairns Chamber of Commerce Submission on QCA's Draft Electricity Pricing Plan

Jobs and businesses are at serious risk across Far North Queensland if the State Government does not revoke its decision to allow the QCA to set electricity prices, as indicated. It is also very disappointing that the Cairns Chamber of Commerce was not invited to the consultation session held in Cairns when the Cairns Chamber is the recognised voice of business across FNQ.

The QCA's draft pricing plan currently recommends price increases of between 9.3% and 13.6% for small businesses in regional areas in 2016-17. In this same report, the QCA also notes that Queensland's electricity prices had increased in real terms by 87% over the past 10 years.

The Government, specifically Honourable Minister Mark Bailey, is hereby questioned: what economic rationale is being applied to validate the need to increase the price of delivery of electricity by 87% over the past 10 years, when compounded CPI over the same period only results in 34.4% increase?

The additional proposed cost increase of an additional 9.3% to 11.5% to be rolled out in 10 weeks' time is expected to result in an increase in business failure across our region.

It has been reported that last financial year, the Queensland government stripped \$3.2 billion dollars in dividends from Ergon and Powerlink. The Government has used electricity as a cash cow for too long and in doing so has damaged the economy, cost jobs and negatively impacted the voters of Queensland. This needs to stop.

It would not seem appropriate for state owned electricity network operators to disregard the economic challenges being faced by business and continue to increase electricity costs despite these challenges, without any economic basis for the increase – especially when the profit reports from these providers are analysed. What argument supports GOCs making huge profits at the expense of already struggling businesses?

It was also recently revealed, that the recently departed Ergon CEO advised a Townsville business for that electricity price increases would be less than CPI. How can this commitment be maintained in light of these proposed price increases?

The proposed pricing (on the back of already significant pricing increases) does not appear to pass the 'reasonableness test' from any angle.

If the Queensland Government is serious about supporting business in regional areas, then this pricing proposal needs to be seriously reconsidered. As the Government 100% owns these corporations, the power to make this decision rests squarely with the Government – as do the consequences of its decision.

The Queensland Government openly promotes that 'Queensland is Open for Business.' But if these pricing increases continue – there won't be any businesses in regional Queensland left open for business...

Yours sincerely



Deb Hancock
CHIEF EXECUTIVE OFFICER
CAIRNS CHAMBER OF COMMERCE

