



Chamber of Commerce
& Industry Queensland

Industry House
375 Wickham Terrace
Brisbane Qld 4000

T 07 3842 2244
F 07 3832 3195
info@cciq.com.au

Hotline 1300 138 470
Employer Assistance
Line 1300 135 822

04 June 2012

The Hon Mark McArdle MP
Minister for Energy and Water Supply
PO BOX 15456
City East QLD 4002

Dear Minister,

The Chamber of Commerce and Industry Queensland (CCIQ) wish to raise directly with you our concerns over Queensland Government plans to force business electricity users (> 100 MWh per annum) onto market contracts for electricity and the significant impact that this may have on a number of struggling small and medium businesses across Queensland.

Electricity is an essential input into nearly every good and service and accordingly its price is a key influence on the competitiveness of Queensland businesses. Electricity use is not directly reflective of business size. Many businesses categorised as small and medium in terms of their number of employees and annual turnover are categorised as large businesses in terms of their electricity consumption. Accordingly many small and medium businesses will be significantly impacted and some even pushed to the brink of downsizing or closure if the Queensland Government continues to implement this decision without amendments.

CCIQ has confirmed with the Queensland Competition Authority (QCA) that there has not been any detailed modelling of the impacts of this decision on the business community nor do they have exact figures on the number of businesses this decision may potentially impact. While CCIQ acknowledges that many Queensland businesses have voluntarily elected to shift to market contracts and have secured savings by doing so, CCIQ are concerned that those business remaining on non-market contracts do so because they will be disadvantaged by such a move.

CCIQ, in consultation with the Queensland based energy broker, PowerChoice and using real business data has estimated that there may be over 1000 small and medium businesses in South-East Queensland (the Energex distribution area) who will face increases in electricity costs of up to 135 per cent of as a result of this decision. CCIQ members have consistently advised us that electricity costs are a major constraint on business growth and even a marginal increase in electricity costs in the current economic climate would be considered unsustainable.

CCIQ also has concerns over the extent to which this change in regulation has been communicated to the business community, with many small and medium businesses advising us that they are not aware that they will be impacted. When they have been made aware of this decision, many have not been afforded sufficient time to fully assess the impacts and options for their business. CCIQ is concerned that businesses may find themselves locked into long-term contracts that are not in their best interests.

www.cciq.com.au

CCIQ acknowledges that this decision was one announced and implemented by the previous Government's Minister. However given the significant impact that the forced shift to market contracts for large business users of electricity will have across the business community, CCIQ seeks your urgent review of this decision. In particular CCIQ recommends that this decision be delayed by at least 12 months pending a detailed review of the potential impacts on small and medium businesses.

CCIQ is highly supportive of the Queensland Government's commitments to freeze electricity prices for households and the formation of the Independent Review Panel (IRP) to oversee the reform of the electricity market. As the price of electricity is reflected in the market price of all goods and services, business electricity costs are a key determinant of the cost of living for all Queenslanders and it is therefore in the interests of this Government, given its significant commitments to reducing the cost of living and to grow state employment that they act in the interests of the small and medium business community.

CCIQ would welcome the opportunity to discuss this matter with you further.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Nick Behrens', with a long, sweeping flourish extending to the right.

Nick Behrens

General Manager - Advocacy