



# QUEENSLAND FARMERS' FEDERATION

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## Submission

17 October 2018

Ms Emma Watts  
Project Director  
The Energy Charter

Via email: [emma.watts@theenergycharter.com.au](mailto:emma.watts@theenergycharter.com.au)

Dear Ms. Watts

### Re: The Energy Charter: Draft for Consultation (September 2018)

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Flower Association
- Pork Queensland Inc.
- Queensland United Egg Producers (QUEP)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Queensland Chicken Meat Council (QCMC).

QFF welcomes the opportunity to provide comment on The Energy Charter: Draft for Consultation (September 2018). QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

*The united voice of intensive agriculture*



## **Background**

QFF understands that the aim of the Charter is to drive collective accountability across gas and electricity businesses to improve customer trust and confidence in the energy sector. QFF recognises that this sector is already highly regulated and commends that the Charter seeks to take the minimum standards of customer service already enshrined in various regulatory tools further, by effecting a change culture and conduct.

It is understood that the framework has been designed to be similar in concept to the ASX Corporate Governance Principles, is voluntary, and based on a self-disclosure mechanism and accountability framework. QFF suggests adopting an approach from reporting levels of corporate governance practice, namely, the aggregate of adoption of Principles and of “if not, why not” reporting.

QFF notes that governance is a dynamic force that keeps evolving. The Energy Charter’s challenge will be to ensure that the Principles remain relevant to Australia’s energy sector and to the customers it serves. An aspect of this will be the timely revision of the Principles to ensure that they reflect customer feedback and concerns, regulatory amendments and any structural changes in the energy market.

## **General**

The concept of how the customer is treated in the Energy Charter is unclear. There are numerous items of regulation across the states and enshrined in national law (through the National Electricity Objective; National Gas Objective and National Energy Retail Objective), which define ‘customer’ or consumer.

QFF is concerned that the Charter in its current format is not clear that it applies to both households and businesses. Indeed, at a previous presentation by a signatory, QFF was informed that the Charter only applied to households. Not including businesses would be a significant omission. QFF strongly supports the Charter’s mandate to include all businesses and households; particularly noting the areas of ‘grey’ for farming enterprises, where the home and business are often a single entity. Currently, there are an unprecedented number of farming enterprises in Queensland and New South Wales in vulnerable circumstances due to drought and storm events. QFF suggests greater articulation of these types of enterprises in Principle 5.

It is not clear to QFF who ‘regulates/monitors’ performance against the Charter – the discussion around the ‘Independent Panel’ is too broad and there has been no articulation of its membership, role or powers.

There is also a lack of clarity on the feedback mechanisms over and above what is already included in the annual reporting strictures of many of the businesses. To address this, QFF supports the concept of the ‘Maturity Model’ which requires the inclusions of a benchmarking scheme against Principles at the start and desired progress over defined time periods – in line with the concept of continuous improvement. This will also acknowledge that some of the signatories are more advanced than others in their relationship management and communication strategies with their customers.

The measures and metrics put in place to substantiate progress against Principles must be credible and wherever possible permit for benchmarking/comparisons between like businesses. Measurement and reporting on the different customer segments, including regulated versus non-regulated business customers, must be clear.

The role, conduct, and composition of the Independent Panel will be critical in the success of the Charter. QFF strongly supports the appointment of a number of independent panel members and customer advocates to the panel. QFF also supports that the assessment reports of the signatory’s progress against the Charter are made publicly available annually on a designated media platform.

### ***Participating Businesses***

QFF notes the 15 participating businesses already signed to the Charter. These businesses are diverse in nature, including generators (such as Stanwell and CS Energy), DNSPs (such as Ergon and Energex), TNSPs (such as Powerlink), and retailers (Ergon Retail), through to non-regulated private consultancies (Yurika). The diversity of these businesses makes the document difficult to navigate in its current form as the principles do not apply evenly or clearly across the different business types.

The Charter must acknowledge that there are different types of ‘customers’ for these entities – including non-regulated and regulated business customers. For example, the customers for the TNSPs are typically DNSPs and a small number of very large, (often non-regulated) customers.

### ***Principle 3***

Principle Three (3) appears poorly structured. There are many credible and important issues which do not necessarily align in the one principle. For example, there is no mention of ‘quality’ (of energy or service) in Principle Three and ‘sustainably’ appears to be an afterthought.

QFF suggests a (new) designated Principle for ‘Sustainability’ which includes, but is not limited to, clean-technology, eco-design, emissions reduction targets, biodiversity, protection of highly-valued land.

### ***Final comments***

QFF welcomes the Charter’s acknowledgement that “over the past decade, electricity and gas costs have increased (we would add ‘unsustainably’) and confidence in the energy industry has eroded”. For many of our members, the current situation is eroding business profitability and international competitiveness, and challenging business viability. Recognising this and accepting that the energy market needs to be reset with customers as a focus through this Charter is positive shift. However, as a voluntary instrument, the Charter will ultimately only be useful if it results in demonstrated action.

If you have any queries regarding this submission, please do not hesitate to contact Dr Georgina Davis at [georgina@qff.org.au](mailto:georgina@qff.org.au).

Yours sincerely

Travis Tobin  
Chief Executive Officer