



COST OF LIVING AND ECONOMICS COMMITTEE

Members present:

Mr LP Power MP—Chair
Mr RA Stevens MP (virtual)
Ms AJ Camm MP (virtual)
Mr MJ Crandon MP (virtual)
Mrs MF McMahon MP
Ms JC Pugh MP (virtual)

Staff present:

Mr T Horne—Committee Secretary
Ms M Salisbury—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE CHEAPER POWER (SUPPLEMENTARY APPROPRIATION) BILL 2024

TRANSCRIPT OF PROCEEDINGS

Thursday, 9 May 2024

Brisbane

THURSDAY, 9 MAY 2024

The committee met at 10.16 am.

CHAIR: Good morning. I declare this public briefing open. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people whose lands, winds and waters we all share.

My name is Linus Power. I am the member for Logan and chair of the committee. The other members of the committee are: Ms Mel McMahon MP, the member for Macalister, who is here with me in person; Mr Ray Stevens MP, the member for Mermaid Beach and deputy chair, who is appearing via teleconference; Ms Amanda Camm MP, the member for Whitsunday, who is appearing via teleconference; Mr Michael Crandon MP, the member for Coomera, who is appearing via teleconference; and Ms Jess Pugh, the member for Mount Ommaney, who is appearing via teleconference.

The purpose of today's briefing is to assist the committee with its examination of the Cheaper Power (Supplementary Appropriation) Bill 2024. The bill was introduced into the parliament on 2 May 2024 by the Deputy Premier, Treasurer and Minister for Trade and Investment. The bill has been declared urgent by the House and the committee is required to report back to the parliament on the bill by 17 May 2024.

This briefing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind committee members that officers are here today to provide factual or technical information. Any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House. These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's directions at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Please ensure that any mobile phones are turned off or switched to silent mode.

CAREY, Mr Michael, Under Treasurer, Queensland Treasury

MOLLOY, Mr Dennis, Deputy Under Treasurer, Queensland Treasury

REEVES, Ms Kellie, Acting Assistant Under Treasurer, Queensland Treasury

CHAIR: I now welcome representatives from Queensland Treasury. Good morning. Thank you for agreeing to brief the committee today. If you would like to you may make an opening statement, after which committee members will have some questions for you.

Mr Carey: Thank you very much, Chair, and good morning committee members. I would also like to acknowledge the traditional owners and custodians of the land on which we meet and pay my respects to their elders past, present and emerging. Thank you for the opportunity to talk to you today about the Cheaper Power (Supplementary Appropriation) Bill 2024. I will go through a short introductory statement and then I will be very happy to answer the committee's questions.

This bill is concerned with obtaining financial approval for an amount of appropriation associated with additional unforeseen expenditure in 2023-24. The amount being appropriated relates to providing households and small businesses with significant cost-of-living relief. On 2 May 2024 the Premier and Deputy Premier, Treasurer and Minister for Trade and Investment announced that all Queensland households would receive a \$1,000 cost-of-living rebate. The rebate is to be applied automatically to eligible residential customers' electricity accounts as a lump sum credit from 1 July 2024. All eligible Queensland small businesses will receive a \$325 small business rebate, and vulnerable Queenslanders will see \$1,372.20 over the course of the year in electricity bill support.

Cost-of-living support has been a key Queensland government priority, recognising the increased national cost-of-living pressures on household budgets. For a typical residential customer across Queensland, the \$1,000 cost-of-living rebate will represent around half of their estimated annual electricity bill in 2024-25.

In terms of the legislative mechanics of the supplementary appropriation bill we are here to discuss, as required under the Financial Accountability Act, on 2 May the Governor in Council authorised additional unforeseen expenditure incurred during the 2023-24 financial year of \$2.267 billion. For the purposes of the Financial Accountability Act, unforeseen expenditure is expenditure from the Consolidated Fund above the amount approved via the original appropriation acts for that year which were introduced as part of the annual budget in June prior to the start of the budget year.

In this case, unforeseen expenditure has occurred as a result of new government decisions made throughout the year. The decision to provide this cost-of-living support has occurred in the lead-up to the 2024-25 budget and has an impact in 2023-24. As a result, the unforeseen expenditure appropriation bill is before the House.

CHAIR: I might now turn to questions. Mr Carey, is delivering this rebate as a credit on electricity bills a broad and quick way to deliver cost-of-living relief? Obviously I am asking at a technical level whether that is a way of delivering the government's goals.

Mr Carey: The delivery of cost-of-living support to Queensland residents via electricity bill relief is a longstanding policy initiative that multiple governments have utilised to deliver support to the Queensland community. It is a very effective and well-understood mechanism. It is a very efficient mechanism of delivering support. Importantly, from a Treasury perspective it has a deflationary impact in relation to the ongoing cost of power. It has been a widely used and very efficient mechanism of delivering direct support to Queenslanders.

Mr STEVENS: It was very hard to hear Mr Carey's introductory remarks, but I am hoping my questions will be relevant and that he has not covered matters I am raising. Mr Carey, thank you very much for appearing today. I do note that the \$1,000 is going right across the board to home owners at a cost, we were told, of about \$2.5 billion. That is from a media report. When you did the sums for the costing out to government, was there any consideration that you would means test the \$1,000 so that people in the upper echelons of financial security like the Clive Palmer's of the world did not get \$1,000?

Mr Carey: There are two things I would say in response to that. To a large extent, and to the greatest extent available on the information the Queensland government holds, the bill relief that is proposed is targeted, and vulnerable Queenslanders receive \$1,300 which is in addition to the general \$1,000 that is provided. The reality is that the Queensland government does not hold, nor will the federal government provide, income details in relation to individuals. The best way we can deliver direct cost-of-living support to a broad range of community members is via that regular power bill because (1) we do not have the data to means test effectively; and (2) the current program is already designed to ensure that vulnerable people are better looked after and receive additional support.

CHAIR: I do note the deputy chair's desire to introduce a Queensland income tax and get that data. That might be the implication. Do you have any follow-up questions?

Mr STEVENS: Yes, I do. I note there is \$1,000 going to households for relief and I think for small business it is \$325. Given the fact that I would have thought small business would have higher power bills and they are very much under the pump in this cost-of-living crisis, what was the thinking behind giving \$1,000 to households but not to small business?

CHAIR: I would note that we may be venturing into policy questions here. Mr Carey may be able to give us some information that is technical.

Mr STEVENS: Yes, it is a technical answer I am looking for. I understand the policy side, but they would have done costings on the number of small businesses and the cost to small businesses of a power bill, and they could say why it is \$325 instead of \$1,000.

CHAIR: Thank you for emphasising, Deputy Chair, that you are after factual and technical information.

Mr Carey: From a Queensland Treasury perspective, we provide a range of advice to government. Ultimately, the level, targeting and timing of delivery of these mechanisms is a policy question for government. The nature of the support provided to small business reflects what the state government has done in previous years.

Mr STEVENS: We are now doing a supplementary appropriation and we are probably less than a month away from the budget in June. Can the Treasury explain why there is a supplementary appropriation now rather than having this cost-of-living relief included in the June budget?

Mr Carey: The government's intention is to make these payments available in this financial year. As a result of making these payments available in this financial year, unforeseen expenditure has arisen to departmental costs to deliver that support. As a result of this, it is a much more open and transparent process to bring that supplementary appropriation to the parliament prior to the budget.

CHAIR: My understanding is that the principle of supplementary appropriation is that the device is such that it could be put to the parliament, and you have changed that as well to have more information come earlier to the parliament. It was not a legislative change; just as a practice of Treasury to bring that information forward as soon as possible.

Mr Carey: We have brought forward more supplementary expenditure and appropriation bills to the parliament in an effort to increase transparency around government expenditure.

CHAIR: We did something at the last budget regarding additional supplementary expenditure that in previous practice had not necessarily been brought before the parliament. It may have been spoken about in budgets, but it was not brought forward in the same way as a supplementary appropriation. Is my memory correct?

Mr Molloy: Last year, if we reference back to the appropriation bills, we can actually see for the first time that supplementary appropriation identified. There was also a subsequent supplementary appropriation bill as well which was considered by the House. The previous practice had been that there would only be the one bill which would be later in the year. We can see that that change was made last year.

Mrs McMAHON: Some of my questions are twofold. The first relates to eligible vulnerable households. You referenced the \$1,000 across the board but also the continuing \$372.20 Queensland electricity rebate to eligible vulnerable households. Are you able to advise the committee what is an eligible vulnerable household?

Mr Carey: There are several categories of people who receive the additional \$372. They include: Queensland Seniors Card holders; Services Australia or Department of Veterans' Affairs Pensioner Concession Card holders; Services Australia Health Care Card holders, including holders of the Low Income Healthcare Card and the Ex-Carer Allowance (Child) Healthcare Card; Department of Veterans' Affairs Gold Card holders and recipients of the war widower pension or special rate TPI pension; and those with asylum seeker status. Residents will need to provide their ImmiCard details. Applicants must also be an electricity account holder and satisfy the other criteria relating to their living arrangements. There is a full set of details about eligibility on the Queensland Savers website. If individuals are unsure, we encourage them to contact their electricity provider.

Mrs McMAHON: How does someone who fits into any of these categories apply or have that rebate applied to them currently?

Ms Reeves: Those vulnerable households holding relevant concession cards will just contact their electricity retailer to make themselves known.

CHAIR: Are we doing enough to communicate to the public that they need to go and contact their retailer in order to get this more targeted additional funding?

Mr Carey: We will certainly work with other agencies and departments to ensure that information is available, particularly for vulnerable cohorts, to enable them to access those additional rebates. We benefit from the fact that this is an established program and there is a good understanding in the community sector about eligibility and access mechanisms.

Mrs McMAHON: My next question is around a lot of those people in my community who would be eligible, and that is seniors. I have a large number of seniors living in manufactured home parks that are not individually metered. Are the large number of Queenslanders who live in circumstances like that eligible? How would this cost-of-living relief get to them?

CHAIR: I want to second that. I have people in my community on the same system.

Mr Carey: Yes, residential customers in privately owned embedded networks, which is the technical term for those people who are billed electricity by an authorised on-seller—and this can include a body corporate, a landlord, a site manager or another third party billing provider—are all eligible for the \$1,000 cost-of-living rebate provided they are separately metered for their own consumption and have an open electricity account with their embedded network billing provider on 1

July 2024. For households, examples of embedded networks include units in caravan parks. Similar criteria apply to eligible small business customers in respect of the \$325 small business rebate. You often find small business customers in embedded networks in shopping centres or other industrial parks. The rebates will be applied to eligible accounts as a lump sum, one-off credit. Consistent with previous years, embedded network operators will submit the relevant form to their retailer notifying them of the number of eligible customers in their embedded network on 1 July 2024. The bulk payment is credited to the embedded network provider's account, and embedded network providers are responsible for distributing that rebate to the customers on their next bill.

Mrs McMAHON: For the individuals who live in these parks, the organiser in the park who is responsible for ensuring everyone has electricity obviously identifies how many individual households there are. They get the bulk couple of thousand, depending on how many people are there, and then it is up to them to pass on that reduction to the individuals?

Mr Carey: Yes. This is a relatively well-established process, and the process that is applying this year will be the same process that has applied in previous years. A number of those embedded network providers are quite familiar with what needs to occur and how to pass on those benefits.

CHAIR: We both do hope they are prompt.

Mrs McMAHON: In talking to members of the public about this, as is their want some people are trying to figure out a way to get this as a cash payment. There is a lot of speculation about receiving a credit on their next bill, then changing suppliers and then whatever suppliers do when you leave a service and you have a credit. Is that something that is within Treasury's remit and understanding, or is it a decision for individual electricity suppliers to determine the policy on bills that are in credit?

Mr Carey: If we step back one step, I think it is important to understand that the basis for market contracts in the electricity industry is federal legislation guided by consumer law to ensure that retail customers and customers of electricity services are protected to the greatest extent possible by legislative frameworks. All of the market participants in Queensland are required to comply with the underlying federal legislative arrangements. As you would expect, those legislative arrangements deal with matters like refunds and overpayments to ensure people are able to enforce refunds where they are entitled to them. Overall, a relatively small portion of Queenslanders change electricity providers. On a quarterly basis it is less than five per cent. Many people change for very valid reasons such as moving house, renovating or a change in living circumstances. It is inappropriate to try to limit their access to this. We do not expect that the regular movement of people between providers and homes will greatly impact the delivery of the policy or cause unintended consequences.

CHAIR: We want electricity consumers in Queensland to look at different providers and market options and offerings. I know that other states have rebates that are not as significant as this one, but there must have been some customer movement within that time. Is it general practice to pass on that rebate to the new provider, or how does it work?

Mr Carey: Generally speaking, when a contract comes to an end a retailer is obligated to settle any outstanding matters in relation to that customer. That includes the payments of any debts that are owing, the payment of any bills that are owing or refunds.

CHAIR: It is just like there was an overpayment by the customer.

Mr Carey: Correct, or a refund. On the movement to the new provider, that would be settled and a new contract for supply would commence.

CHAIR: In some ways the existing legislation about overpayments and the movement—it is a very similar credit in some ways.

Mr Carey: Correct.

CHAIR: We did have some technical problems on the phone, but I will now turn to the member for Coomera or the member for Whitsunday for any questions.

Mr CRANDON: There is nothing from me, Chair.

Ms CAMM: No, thank you, Chair.

Ms PUGH: Just following on from the member for Mermaid Beach's question about means testing, I wonder if you could outline for the committee what kind of staff load it would take for your department to apply that kind of means testing. I would imagine that staffing to apply that would be quite onerous and very expensive.

CHAIR: That is something of a hypothetical question, given we do not have that data. I think we can put the question.

Mr Carey: The fact is that the Queensland government does not hold the data and would be relying on obtaining the data from individuals, so that would have to be on a voluntary basis. It would then need to be assessed and considered and then decisions taken in relation to the application of any rebates. For Queensland Treasury's part, the efficiency associated with the delivery of this as a mechanism for cost-of-living support for a broad range of Queenslanders is a very attractive delivery mechanism that is available to the state currently. There would certainly be a very significant administrative overhead to further condition this payment.

CHAIR: Are there any further questions from members on the phone?

Mr CRANDON: Not from me.

Ms CAMM: No, thank you.

Mr STEVENS: Not from me, Chair.

CHAIR: Obviously this is a significant expenditure. Last year we had a significant surplus. In consideration of fiscal principles, is there any feedback you can give the committee about that and balancing that against the needs and cost-of-living relief we are trying to provide?

Mr Carey: Governments take expenditure decisions throughout the course of the year, including at budget times. All of the detailed impacts of the government's expenditure decisions are recorded at budget time in the budget. Government has made it clear that its intent in delivering this cost-of-living measure is to be able to do it quickly to a broad range of Queenslanders and to ameliorate the immediate cost-of-living impacts they are feeling.

CHAIR: There are no further questions. It is a relatively simple bill. We appreciate you appearing before us. I appreciate the principles we have put forward to bring forward expenditure before the committee and the House. We also note that as a committee we deal with new processes with appropriations at budget time as well. There being no further questions, we will bring these proceedings to a close. Thank you very much for the information you have provided today. I want to thank our Hansard reporters—they do a great job—and the broadcast staff for their assistance. A transcript of proceedings will be available on the committee's parliamentary webpage in due course. No questions have been taken on notice. I declare this public briefing closed.

The committee adjourned at 10.44 am.