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**Submission to the State Development, Infrastructure and Industry Committee  
regarding the *Electricity Competition and Protection Legislation Amendment***

***Bill 2014.***

Submission No. 006

30 June 2014

11.1.20

Dear Committee Members

As a major stakeholder the energy industry the Electrical Trades Union welcomes the opportunity to make representations in relation the Committee's current inquiry into the *Electricity Competition and Protection Legislation Amendment Bill 2014*.

We have numerous major concerns with the fundamental tenants and policy directions that are contained in the *Electricity Competition and Protection Legislation Amendment Bill 2014*.

The primary purpose of the bill is to force all South East Queensland electricity consumers onto market based retail contracts by amending the *Electricity Act 1994* to remove retail price regulation in south east Queensland.

The *Electricity Competition and Protection Legislation Amendment Bill 2014* effectively removes the 'safety net' offered by standing regulated tariffs for those people who elect to avoid being locked into a contractual arrangement with a particular energy retailer.

In other jurisdictions where retail electricity is subjected to a full free market with price monitoring, such as Victoria and South Australia, far from delivering on the promise of lower electricity through increased competition in the market place,

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electricity prices have risen to levels far higher than in Queensland, while customer complaints and dissatisfaction have risen. The lower service quality in markets without price regulation in privatised states has seen complaints to the energy ombudsman grow from 500 per year to over 50,000.

By forcing growth in the retail contract market in South East Queensland the *Electricity Competition and Protection Legislation Amendment Bill 2014* will also reduce real labour productivity in the energy sector, as employment and training of trade people will continue to be gutted and less productive managerial and sales staff will explode. Resources will be diverted away from operational functions to management and marketing resulting in higher costs and poorer service.

Under the current regulatory arrangements, it is clear that the Energy Minister of the day has the responsibility to set prices in Queensland who now delegates that responsibility to the Queensland Competition Authority (QCA).

The *Electricity Competition and Protection Legislation Amendment Bill 2014* will see a further devolving of the government's responsibilities for electricity pricing to such an extent that consumers will be left totally at the mercy of corporate retailers, with the QCA simply performing an annual market monitoring report. In our view this is an utterly unacceptable set of arrangements for an essential service like electricity.

The fact is that the vast majority of ordinary householders are in no position to bargain with larger corporate electricity retailers. Moreover, as occurs in many other highly concentrated contract based industries such as insurance, financial services and telecommunications, offers to consumers from suppliers are difficult to compare and intended to be deliberately obtuse.

We note that the *Electricity Competition and Protection Legislation Amendment Bill 2014* allows for regulated retail electricity prices in regional Queensland to continue to be set for standard contract customers and the Minister responsible for Energy will retain the power under s 90(1) of the Electricity Act to decide the regulated prices, or the methodology for fixing the prices, that a retailer can charge standard contract customers outside South East Queensland. This effectively creates two classes of

electricity customers in Queensland and introduces an inequity in the Queensland retail energy sector.

It would seem that the intended real beneficiaries of the *Electricity Competition and Protection Legislation Amendment Bill 2014* are electricity retailers, not consumers.

The ETU disagrees fundamentally with the full steam ahead approach to energy privatisation advocated broadly by the government, of which this bill forms a part. We must avoid making the same mistakes that Victoria, South Australia and New South Wales have. While it is too late to in those states, it is not too late in Queensland.

I urge the Committee to our concerns into consideration as part of its deliberations on the *Electricity Competition and Protection Legislation Amendment Bill 2014*.

Yours sincerely

A handwritten signature in black ink, appearing to be 'P. Simpson', with a stylized, cursive script.

P. Simpson  
Secretary