



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard Thursday, 9 March 2006

MINISTERIAL STATEMENT

Electricity and Gas Industries

Hon. PD BEATTIE (Brisbane Central—ALP) (Premier) (9.48 am): In September last year I announced that on 1 July 2007 Queensland's domestic and small-business consumers will have a choice when it comes to purchasing their electricity. Domestic gas customers will also have this choice from 1 July 2007. This change is a large part of the government's agenda for energy sector reform.

Today, as part of the process of implementing full retail contestability—FRC—in Queensland, my colleague the Minister for Energy, the Hon. John Mickel and I are releasing two consultation papers on the electricity and gas retail markets produced by the Energy Competition Committee. I also want to thank the Treasurer for her support. Energy is a \$13 billion dollar industry, which is essential to our future industrial development as well as to the existing 1.8 million customers in this state.

Following the introduction of FRC in Queensland from 1 July 2007, consumers will have the choice of moving to a market contract if it means cheaper power bills or they may elect to stay on the current government set tariffs. The benefit of competition will include lower overall prices and better choices of retailers and types of services. Under this agreement consumers can choose, for example, to have just one bill for gas and electricity. In fact, the bill saving for an average customer will be up to \$150. It will also mean that no-one will be worse off because consumers can choose to stay on the tariff or move to the market.

Last year, we appointed an independent Energy Competition Committee to oversee the implementation arrangements for FRC. The committee is chaired by Darryl Somerville, former managing partner of PWC—PricewaterhouseCoopers—and also includes Doug McTaggart, CEO of Queensland Investment Corporation, and Tom Fenwick, former director-general.

Mr Mickel: And they've done a great job.

Mr BEATTIE: Yes, they have done a great job. I take that interjection from the Minister for Energy. As part of their important role, the committee has produced the two consultation papers on the electricity and gas retail markets which I am tabling today. These papers are an important step in the process of implementing FRC. The consultation papers set out our current thinking on the rules for FRC in Queensland. We are giving all interested parties the opportunity to have their say. However, before these proposed rules are put into legislation, people need to consider them. FRC is part of the government's wider energy sector agenda. We have a clear agenda in energy. The rules will make sure that consumers get a fair go and establish a level playing field for energy companies. We do not want a Clayton's model of FRC like New South Wales has. We want genuine competition so that all consumers can benefit.

Queensland is the fastest growing market for electricity in Australia, fuelled by our population and economic growth. Queensland is growing at such a rate that 800 megawatts of additional power generation is required every three to four years. That is the legacy of the 1,500 additional Queenslanders we have every week and the new industries that are developing. To sustain Queensland's growth and prosperity, billions of dollars of investment is required in new power generation over the next 20 to 30

years. By opening up the retail market it will ensure that the private sector will be eager to invest in Queensland. One of the key propositions we are seeking feedback on is the idea that small energy customers may be able to revert to the uniform tariff if not satisfied with their retailer. This is a consumer protection measure which other states have applied. I hope people will give us their feedback. That also puts a safety net—some checks and balances—in the system.

I commend these consultation papers to the House, and I table them. I draw attention to page 17 of 44 of the Energy Competition Committee consultation paper No. 3, which deals with the customer reversion rights, which I think will be of interest to all members. I table that paper. I also table consultation paper No. 4. This is part of our reform agenda to provide cheaper electricity to Queenslanders.