




Speech by

Shane Knuth

MEMBER FOR DALRYMPLE

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ELECTRICITY PRICE REFORM AMENDMENT BILL

 **Mr KNUTH** (Dalrymple—LNP) (5.30 pm): The Electricity Price Reform Amendment Bill 2011 amends the Electricity Act 1949 and the Electricity Regulation 2006 to replace the benchmark retail cost index, which is used to determine, notify and allow the introduction of a new price-setting methodology which will commence on 1 July 2012. As we have heard from the honourable member for Buderim, these amendments are the result of the process undertaken by the government to accommodate predicted increases in the cost of electricity production arising from the federal Labor government's carbon tax. The amendments will also allow for retrospective changes to the eligibility criteria for the connection to the Queensland Solar Bonus Scheme. The LNP has argued for a long time that the benchmark retail cost index needs to be replaced with the long run marginal cost method of pricing electricity. This would provide long-term stability to the electricity prices, which is more in line with reforms proposed by stakeholders representing consumers, those with disabilities and disadvantaged Queenslanders.

In May 2011 various stakeholders were asked to comment on price reform and many recommendations were to incorporate market data into determining electricity prices. However, the Queensland Council of Social Service, which represents the disabled, the elderly and the disadvantaged, raised concerns over using a purely market based mechanism as consumer acquisition costs could be unrealistically inflated. The method for pricing electricity that will replace the benchmark retail cost index put forward by Labor will largely determine the cost of production, which is predicted to rise 50 per cent once the carbon tax is introduced. The introduction of a market based mechanism for determining the wholesale cost of electricity production will introduce greater volatility in electricity prices.

The objectives of this bill are to 'provide flexibility to deal with any unidentified policy changes or market upheaval'. I cannot help thinking that this statement was written with tongue in cheek. We have heard the history of this bill as outlined by the shadow minister. It is clear that the primary market upheaval referred to here as an 'unidentified policy change' was to be Kevin Rudd's Carbon Pollution Reduction Scheme. Perhaps the minister took Prime Minister Julia Gillard at her word, just like the rest of Australia did, when she said there would be no carbon tax.

Over the last 12 months people have suffered massive electricity price increases, particularly when this government introduced full retail competition and promised that electricity prices would be low and affordable. Now we are going to see electricity price increases due to a carbon tax. The disappointing thing about this is that last year everybody was doing it tough. We were going through rain periods and massive floods and then after that many of us went through cyclones. While we were struggling and doing it tough, what was the best thing that this Prime Minister offered us? It was to hit us with a carbon tax. It is typical and un-Australian. Then, just as people were struggling to get used to that idea, what did she do? She banned the live cattle export market! Now here we are coping high increases in electricity prices and then we will be hit even harder with this carbon tax.

For those opposite to claim that the amendments before the House have nothing to do with the massive hikes in cost due to the federal government's decision—the disastrous Labor tax—is absolutely laughable. They are desperate to appease the green vote that paradoxically pushed through amendments that will protect retailers and producers from the expected increases in the cost of producing and

distributing electricity. These amendments are the result of the investigation funded by taxpayers into how our producers, wholesalers and retailers can pass on the bill for the carbon tax to the mums and dads, disabled and elderly people and the taxpayer. The proposed retrospective cap on the size of solar units installed on homes under the solar scheme fits the same mould. Solar power without storage has been an ill-considered waste of time and money to satisfy the Greens. The harsh reality is that the Greens will never be satisfied until we all go back to the Stone Age. But even then they will still find something to whinge and whine about.

Generators, distributors and retailers have no interest in accepting feedback into the grid in off-peak periods. The cap on solar unit capacity only encourages further generation build-up of distribution and retailing driven purely by profit motives with no concern for either the consumer or the environment. If the goal of the government was to reduce emissions, reduce the cost of electricity to consumers and ease the cost-of-living burden for householders, why is a cap on the size of a solar power generation system being introduced? If every Queenslanders was able to feed enough power back into the grid, Queensland would lead the way in achieving renewable energy targets. A move to cap solar generation by consumers with no public consultation only highlights the hypocrisy of this attempt to appease the green vote. Nobody, including those opposite, knows what the implications of Labor's carbon tax will be. However, it is the general consensus that it will be a great big devastating new tax, and we are seeing the legislation being introduced right now to allow producers, wholesalers and retailers of electricity to directly pass on the tax to the consumers, exempting the government from that responsibility.

In conclusion, it is disappointing to see that the Queensland government has taken the side of its federal counterparts against mums and dads, the elderly and the disadvantaged by not allowing this bill to simply be referred to the Environment, Agriculture, Resources and Energy Committee for consideration and scrutiny.