




Speech by
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MEMBER FOR MULGRAVE

Hansard Thursday, 12 July 2012

ELECTRICITY (EARLY TERMINATION) AMENDMENT BILL

 **Mr PITT** (Mulgrave—ALP) (11.22 am): I rise to make a contribution to the Electricity (Early Termination) Amendment Bill 2012. The opposition will not be opposing this bill, but we will be making some points with regard to the merits of it. This legislation is written proof that the Premier and the Liberal National Party have broken their promise to Queenslanders to reduce the cost of living and save money on electricity.

It is a knee-jerk reaction to the Premier's tantrum last week after he received his household electricity bill and found out that his flawed plan to freeze tariff 11 had little impact on the cost of electricity. I recall seeing the Premier on television saying he got 'crosser and crosser and crosser' after getting his bill. But let us not pretend that he was angry about his power bill. We know the real reason for his anger. He realised that his promise of saving Queenslanders \$120 on their power bills had been exposed for the sham that it always was. It always was a promise fraught with danger.

Sadly, it seems that the Premier, the Treasurer and the energy minister were the only people in Queensland who thought their plan could work—the three blind mice of electricity prices. I am a bit disappointed in the Minister for Energy. He was obviously unable to stand up to the Premier and convince his cabinet colleagues that their proposal was unsound and unable to meet their pre-election commitment, and here is why.

The LNP budgeted just \$60 million this financial year to supposedly deliver a \$120 saving on power bills for customers on tariff 11. Compare this with Labor budgeting and delivering \$700 million to deliver a saving on electricity bills of \$113 for 1.4 million customers that were liable for the community ambulance levy. The LNP told Queenslanders that they would be \$120 better off compared with Labor. The Department of Energy and Water Supply has revealed in response to questions on notice asked by the committee that there are 714,786 residential customers using only tariff 11, with another 1.1 million customers using tariff 11 with another tariff. If we multiply \$120 by 714,786 we end up with a cost of \$85.8 million—not \$60 million. This is not even the total cost. If we factor in the cost of delivering a \$120 saving to all consumers using tariff 11, including customers on multiple tariffs, it is \$220 per annum. It is clear from the numbers that the LNP have broken their promise.

So we must turn to what this \$60 million has delivered. On 5 June the Queensland Competition Authority wrote to the minister outlining that the price increase under the LNP's freeze for the majority of Queensland households will be double that under the pricing system left by Labor—that is, the price increase for the majority of households under the LNP's supposed price freeze will be 10.6 per cent rather than 3.9 per cent, if they had left the previous pricing system in place. What a disaster.

This legislation has been introduced as nothing more than smoke and mirrors to conceal a failed election promise. It is little wonder that the LNP do not want to have any costings by Treasury of their actual election promises tabled. Now this minister is following up his flawed freeze with another piece of flawed legislation—this bill. An interesting thing to note about this bill is that it has nothing in it that relates to the minister's media statement on Monday where he said—

In addition to the legislative changes the Queensland Government will be altering subsidy arrangements with respect to the Tariff 11 price freeze to ensure retailers who charge Tariff 11 customers above the notified price do not receive a subsidy from the Government for those customers.

The committee has been advised that there was no need for this legislation. This is a bit embarrassing. The purpose of this bill is to amend section 55A and section 55GA and insert a new section 55CA into the Electricity Act 1994 to allow customers on market contracts to switch retailers without an early termination fee where the price has increased above the regulated or notified price.

The wording here is important. What this legislation refers to is situations where the increase is to a level above the notified or regulated price. This means that a retailer can still increase their bill by more than the regulated or notified price increases so long as it is to an overall price below the notified price. This is set out at section 55CA(2), where it states that the early termination fee ban applies where 'the increased charges will be more than the notified prices'.

Let us take for example Origin Energy, a retailer the Premier has singled out in his artificial rage, his faux tany, his fake protestations. As detailed on the Queensland Competition Authority website, for an average tariff 11 consumer at 5,370 kilowatt hours per annum, the LNP's regulated price freeze will be at an estimated annual cost of \$1,478. Origin Energy's market contract daily saver plan based on the same consumption will cost \$1,345. That means that while the increase for an individual on a daily saver plan might be more than for someone on the notified price this increase will be to a lower overall bill.

The same applies for AGL where it details on their website that while the tariff 11 increase for their market customers is 14.6 per cent or higher than the regulated tariff increase, the overall average estimated bill remains lower than the tariff. This is why, as detailed in advice to the committee, 65.8 per cent of small customers in South-East Queensland are using market contracts. In fact, some retailers have told the committee in consultation that they will not be impacted by this legislation at all as all their market contract prices are below the regulated price. So this legislation does not go to the point of the Premier's temper tantrums and posturing. It effectively means nothing for the majority of Queensland households and is nothing more than a political stunt to hide an unfunded and botched promise.

I take no issues with the policy intent of section 55CA(2) to require retailers to notify a customer if the increase in charges will be to a level above the regulated price. This would not be a concern except that this legislation requires these additional notification processes be at no cost to the government. The committee has been advised that there is nothing in this bill that would stop retailers passing the costs of this legislation through to consumers. In fact, retailers have told the committee that customers will be incurring the costs. If this notification process is at a cost to electricity consumers it will mean a double whammy for Queenslanders.

While Labor will support any real move to lower costs for electricity consumers, we do not support legislative political stunts that risk driving up power bills further. This rushing of this legislation into parliament is more evidence of a government that is all promise and no delivery.

The minister has overseen the LNP's promise of a \$120 electricity bill saving disappear into a doubling of the average bill increase, and their promised \$80 saving on water bills punted into the never-never. The Premier and minister should apologise to Queenslanders for not delivering these cost-of-living savings. The opposition will be moving amendments to this legislation to require that network, energy and retail costs are split out on electricity bills, not just a carbon price. The committee has provided advice that detailing a general carbon price rise will not impact on the cost of delivering electricity so there will be no cost to telling the whole story.

The LNP have been telling this parliament that the carbon price will result in job cuts. This is misleading. What they will not tell Queenslanders is that the same Treasury modelling shows that 474,000 jobs will be created over the same period to 2019-20 with a carbon price. The LNP need to start governing and stop playing politics.