Speech By
Steve Bennett

MEMBER FOR BURNETT

ADJOURNMENT

Electricity Prices

Mr BENNETT (Burnett—LNP) (10.27 pm): I rise to highlight the real threat to the farming sector in my electorate who are confronted with massive electricity price increases if the Queensland Competition Authority proposals go ahead. We all need to be very concerned about the long-term viability of agriculture in Queensland if these recommendations are adopted. Electricity prices are one of the greatest threats to ongoing profitability, sustainability and growth.

Cane growers in my electorate have highlighted many times the running costs, showing that electricity costs have doubled over the last seven years, exceeding all other input costs. An example provided to me this week of those increases is that, since the year 2000, electricity prices on the popular farming tariffs 62, 65 and 66 have risen 250 per cent, or an average of 20 per cent per year. In terms of gross value added, employment and small business, the Burnett electorate has a much higher reliance on agriculture of around 13 per cent. Any additional negative impact on our farmers' ability to produce crops and products will have a much greater impact on my electorate than on some others of course.

In attending many industry meetings many solutions have been tabled—all have merit and need to be considered. There is a need to investigate options for payment subsidies to allow competition in the regions outside the south-east corner, especially in agriculture, to have additional providers other than Ergon. There is no competition within retail supply for most of Queensland. QCA includes a 'head room' allowance of five per cent, even though QCA acknowledges that it is a 'free kick' for retailers.

Proposed transitional tariffs require at least a 12- to 15-year transition period to achieve the required efficiencies. The current proposal is seven years and we ask why? Irrigators cannot pay down or write-off capital investment in under 20 years. I am asked repeatedly why the government does not review the rate of return applied by the Australian Energy Regulator. A reduction in the rate would reduce costs significantly.

Discussion is encouraged on not charging the N network component on transitional tariffs. It is firmly believed that network assets are overvalued. In Victoria, land and easements are not part of the network valuations but in Queensland they are. There has been no investment in the network for my irrigators for 30 years.

Time of use concessions have been removed from irrigators. The night rate was using power outside peak demand, reducing the need for network expansion. Consumption forecasts are overinflated, leading to overinvestment and higher costs. The federal government's fixed renewable energy target adds $120 to average bills, while the carbon tax contributes more than $170 to the average bill.

The solar PV scheme with a feed-in tariff of 44c per kilowatt hour is not efficient. Solar PV should be part of climate change and environmental costs, not electricity costs. Farmers are not opposed to price increases. However, why don't we limit the increases to CPI? The CPI last year was two per cent. Irrigation charges will have increased by over 90 per cent in the last five years if, or when, the QCA recommendations are adopted.

While it is acknowledged that we as a government are faced with extreme challenges in relation to electricity prices and we inherited a network which contributes to the sustainability of costs, we have to throw in green energy schemes and ridiculous mandatory targets for renewable energy and the carbon tax. It is firmly believed that unless a solution can be implemented the recommendations of the QCA will send irrigators into decline.