




Speech By
Andrew Powell

MEMBER FOR GLASS HOUSE

Record of Proceedings, 10 November 2015

ENERGY AND WATER OMBUDSMAN AMENDMENT BILL

 **Mr POWELL** (Glass House—LNP) (4.25 pm): The minister may be relieved to know that the LNP will not be opposing this bill. I too would like to commence my comments by acknowledging the work of the committee and the committee staff in preparing the report that the minister has referred to. The main aspect of this bill as it relates to high energy-using small businesses goes back to a review announced by the former energy minister, the member for Caloundra, in March 2014. This is what the member for Caloundra said at that time—

Currently dispute resolution services are restricted to small customers who use less than 100 megawatts per year, which is normally households and small businesses. The definition of a small customer has led to the exclusion of some residents and small businesses.

The member for Caloundra said at the time that the Queensland Energy and Water Ombudsman should be available to those customers that need the most support such as residential and small to medium size businesses. What followed this announcement was an extensive review process and a period of sustained consultation. The Queensland Competition Authority conducted a consultation regulatory impact statement, otherwise known as a RIS, into the ombudsman's access arrangements. Stakeholders were invited to provide feedback and submissions to further inform that process.

That consultation RIS provided the government with four options aimed at providing high energy small business customers with better access to dispute resolution services. The changes as outlined in this bill, the Energy and Water Ombudsman Amendment Bill 2015, represent option 1 as presented in the QCA RIS report. This was identified as the Competition Authority's preferred option because it is considered to provide the greatest benefit to high energy small business customers at the least cost to business, government and the community.

The LNP believes the government has achieved the best outcome by incorporating this option into today's bill. Of course, we are entirely supportive of any moves to provide further assistance to small businesses. This was an important aspect of what we did whilst we were in government. That is why we reduced the tax burden on small businesses by increasing the payroll tax exemption threshold, and it is why we took a policy of increasing that exemption threshold further at the last election. It is why we made the commitment to reduce red tape and regulation by 20 per cent, with a key part of this pledge being the establishment of the Office of Best Practice Regulation. Our red-tape reforms are estimated to be providing savings in the order of \$425 million each and every year. It is why we have reformed our electricity sector, stripping \$7 billion out of future expenditure from the energy GOCs, making them run as efficiently as possible knowing that this would provide savings to businesses and families across Queensland during the 2015 to 2020 Australian Energy Regulator regulatory period.

The AER's ruling last month signalled an end to consistent increases in electricity prices which started under Labor way back in 2014. I would particularly like to make mention of the CCIQ's submission to the parliamentary committee process. The CCIQ highlighted not only the importance of

small business to Queensland, but the disparity that exists between businesses that are categorised as small and medium in terms of their turnover and employee size but categorised as large businesses in terms of electricity consumption. The important aim of this bill is to give those high energy businesses better access to the dispute resolution services provided by the Energy and Water Ombudsman Queensland.

Many of the businesses in the 100 to 160 megawatt hours per year range are family businesses. It could be the local baker. It could be a family-run laundry business. It could be that small supermarket where you do your weekly shopping. It could be small food production or manufacturing businesses. The point is these are not big businesses with the resources to deal with the many complexities of the electricity sector. Just as importantly—and this was highlighted through the public hearings—many not-for-profit or community sporting groups are also included in this category. For example, a football club like the Hinterland Australian Rules Football Club that bases itself out of Palmwoods who use a significant amount of power in having playing lights on for midweek training sessions may not have had access to the ombudsman's services. Quite clearly, these groups may not have the expertise or resources to properly negotiate with their energy retailer. When we consider how important the provision of affordable energy is to their ability to continue to function, it is obvious that we should be supporting these groups in whatever way we can. I believe that these changes, which provide the ability for these groups to utilise the services of the ombudsman, will help support these businesses and important community groups.

It is estimated that an additional 5,100 high energy-using small business customers will be eligible to seek access to the Energy and Water Ombudsman Queensland under these changes. That number was again identified in the QCA consultation RIS. This should generate about an additional 200 cases for the ombudsman to consider each and every year. The advice from the ombudsman is that it should be able to meet these requirements within existing resources, and I heard the ombudsman say this himself during the public hearing. We will certainly be holding him to account. That is a good outcome because it strengthens the ability of dispute resolution services for small business customers but does not come at a cost to the government.

After considering the bill, I am also satisfied that the trigger range of 100 to 160 megawatt hours per year is appropriate. It is fair to say that there was a level of debate about the appropriateness of this 100 to 160 megawatt hours per year trigger range. The Master Electricians recommended an extension to small business customers using between 100 megawatts and four gigawatts to align with distributor tariff structures. However, as highlighted in the committee's report on this bill, this will largely bring Queensland into line with every other jurisdiction. The QCA's regulatory impact statement again provided this analysis—

... the 160 MWh threshold limit has been developed in consultation with stakeholders and is considered to strike an appropriate balance between providing assistance to the customers that need it and minimising the financial, administrative and regulatory impacts on the community, business and EWOQ.

The LNP also understands and supports the amendment to section 11 of the Energy and Water Ombudsman Act 2006 to ensure the ombudsman has the necessary functions to be recognised as an external dispute resolution service. This is another aspect of the bill which was discussed at length by the committee and through the committee inquiry process. As highlighted in the parliamentary committee's report, the amendment results from recent changes to the Commonwealth Privacy Act. The Privacy Act now includes new credit-reporting provisions. Under part 3A of the Privacy Act, credit providers—defined to include electricity, gas and water providers—must be members of an external dispute resolution scheme recognised under the Privacy Act to participate in the consumer credit-reporting scheme. The change as proposed in the Energy and Water Ombudsman Amendment Bill 2015 will ensure energy providers can continue to participate in the credit-reporting system by providing the legislative powers for the ombudsman to resolve privacy complaints relating to the misuse of energy customers' credit information and apply to the Australian Information Commissioner for recognition as the official scheme in Queensland.

Perhaps the part of this bill which was the subject of most debate was the amendments highlighted in clause 11. This will provide the ombudsman with the ability to disclose customer-identifying information about complaints to respective energy and water entities for billing reconciliation purposes for refer-back-to-provider case types. In considering the appropriateness of this amendment, it is important to reflect on how the ombudsman is funded here in Queensland. The ombudsman is funded through user-pays fees, meaning that scheme participants pay the ombudsman's costs. So in practice, if a customer makes a complaint about Ergon, Ergon would pay the ombudsman for the cost of handling that complaint on a fee-for-service basis. As the current Energy and Water Ombudsman Act reads, it does not allow the ombudsman to provide customer identification details to respective utilities for the purposes of billing refer-back-to-provider cases. This can lead to instances where the

ombudsman is billing these companies for services that the ombudsman has undertaken but is unable to provide any customer information so that the provider can determine that it is a customer of theirs and to reconcile their bills. The proposed amendments as detailed in clause 11 address this by allowing the ombudsman to provide customer-identifying information to water and energy entities for billing reconciliation purposes only. The Energy and Water Ombudsman submitted that the amendments as proposed in clause 11 would only give the ombudsman the power to provide customer information for cases known as 'refer backs'. The ombudsman was of the view that 'refer backs' represent only 35 per cent of all closed cases and the bill would not allow the ombudsman to provide customer information in all instances. As such, it recommended a further amendment to the bill to allow for a customer's personal information to be provided for billing purposes in all case types. The use of personal information instead of customer-identifying information was deemed necessary to make it consistent with section 25 of the act and the Information Privacy Act 2009.

I do note the committee's recommendation in relation to this submission. It is detailed quite extensively in the committee's report. However, we also note the evidence from the Department of Energy and Water Supply as part of the parliamentary committee's investigation of this bill. It is important that we get the balance right between the concerns of the industry, of the ombudsman and of protecting the privacy of individual customers. We note the minister has chosen to address this in his second reading speech and through the amendment tabled. I do take on board the minister's comments that he has sought information around the Privacy Act as to the capacity to give those details in all cases and we will accept that evidence and that support in making this amendment today.

Finally, the bill also includes a minor amendment to the National Energy Retail Law (Queensland) Act 2014. This is to correct a minor administrative error in which the wrong section of the Electricity Act is referenced. Failure to rectify this error prior to 1 July 2016 will prevent the national energy retail law from operating as intended.

I do not want to take up too much more time regarding the various aspects of this bill. I believe the committee has adequately considered the many aspects of the bill in its report. I know that the nature of this bill does not lend itself to widespread media coverage, but that does not take away from the importance of it for the 5,100 small businesses and community groups who will now be able to access the dispute resolution services of the Energy and Water Ombudsman Queensland.

I would like to congratulate again the department and the committee on continuing this important process which started last year. Small business is the backbone of the Queensland economy. Small businesses employ the vast majority of Queenslanders. If we can provide some assistance which enables them to better negotiate lower bills or provide more time to focus on growing their business, then that is a good outcome. The LNP remains committed to other outcomes to grow small business in our state. It is what we did in government and it is what we will continue to advocate for in opposition.