




Speech By
Hon. Mark Bailey

MEMBER FOR YEERONGPILLY

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MINISTERIAL STATEMENT

Electricity Prices

 **Hon. MC BAILEY** (Yeerongpilly—ALP) (Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply) (9.48 am): Today the Australian Energy Regulator released its final five-year revenue determinations for Energex and Ergon which will determine electricity prices in Queensland. This final determination confirms price stabilisation for Queensland electricity consumers. As a result, network prices, the key driver of the painful 43 per cent Newman government electricity price surges, will actually decline until 2020 in real terms. This will result in stable electricity prices in Queensland over the next few years.

The Newman years of painful electricity price surges are over—enough is enough. We have already seen 2015-16 electricity prices decline this financial year on average by half a per cent for a typical Queensland customer, as confirmed by St Vincent de Paul recently. When these determinations were handed down to networks around the country, we have all seen the privatised networks in Victoria, South Australia and New South Wales appeal the decisions. Queenslanders made it clear on 31 January that they wanted their power assets kept in public hands. The government wants to see Queenslanders benefit from those publicly owned assets.

As outlined by the Premier earlier, to ensure Queensland electricity customers are able to obtain the benefit of stable electricity prices over the next five years, the government has taken the decision to direct the network businesses not to appeal specific elements relating to the weighted average cost of capital and gamma of the AER's final revenue determinations.

Opposition members interjected.

Mr BAILEY: The opposition clearly do not support our decision to direct the businesses, and that is a very sad outcome.

This morning I spoke with the chairs of both boards to inform them of the government's decision. They both understood and accepted the government's decision to direct them to not appeal. The government considers that the regulator's decision in relation to the weighted average cost of capital is balanced in that it provides the network businesses with a reasonable rate of return on their assets as well as providing stable electricity prices over the next five years for customers.

While the government acknowledges that the network businesses will need to make adjustments to reflect the lower weighted average cost of capital, it is confident that the network businesses will work with customers to deliver innovative solutions and continue to deliver efficient energy services. The regulator's decision to reduce Energex and Ergon's revenues will require them to continue to make further efficiency improvements. The Queensland government remains resolutely committed to no forced redundancies, and we will consult and work with the representatives of our workforce—the unions. Therefore, any adjustments in staff numbers will be achieved through voluntary redundancies and natural attrition. This decision to lock in better electricity price outcomes for Queenslanders shows the Palaszczuk government understands the pain many Queenslanders experience at bill time and we are locking in the gains by the umpire over coming years.