

QUESTION ON NOTICE

No. 171

asked on 18 March 2014

MR WOODFORTH ASKED THE MINISTER FOR ENERGY AND WATER SUPPLY (MINISTER McARDLE)—

QUESTION:

How is the Newman Government keeping its commitments to the people of Nudgee by putting downward pressure on electricity and water prices to lower the cost of living?

ANSWER:

Through long-established national pricing principles, electricity and water prices should reflect the cost of supplying services. This means higher electricity and bulk water prices are directly linked to past policy and investment decisions like, for example: the previous governments' planning failures (ie, the 2004 electricity crisis and the 2008 SEQ water supply crisis); the reckless spending that followed these crises (ie; gold-plating of electricity networks, \$715 million spent on a non-existent dam and debt-funding \$1.2 billion spent on Tugun desalination plant and \$2.6 billion on the western corridor recycling project); and political intervention into the energy and water markets (ie, political bias against dams and coal generators, as well as political advocacy for the carbon tax, the solar bonus scheme and the renewable energy target program). In effect, bigger debts and higher operating costs associated with poor planning, reckless spending and political interventions in established markets are paid for through higher future bulk water and energy prices.

The Newman Government recognise that unsustainable increases in electricity prices over many years have caused increased hardship for struggling Queenslanders, especially pensioners. That is why this Government is working so hard to put downward pressure on southeast Queensland bulk water prices and electricity prices now and into the future. And, on these measures, this Government is already delivering lower prices for people living in the Nudgee Electorate than would have occurred under the previous governments' pricing regimes – with unprecedented effort now directed at putting downward pressure on future electricity and water prices.

Recent Queensland Government actions focused on immediate cost of living relief include:

- A one-year freeze of the major domestic tariff (Tariff 11) at 2011-12 prices, while passing legislation so that customers can avoid break fees if their electricity retailer raises their market contract rates above regulated prices;
- A one-off \$80 water rebate for South East Queensland (SEQ) households last year. Gold Coast City Council contributed \$10 for Gold Coast residents;

- Providing a \$620 million subsidy so regional customers pay the same price for electricity as people in Brisbane this year despite the costs to supply Ergon customers being much higher than in the southeast;
- Boosting the electricity rebate for pensioners by 21 per cent to \$282 this year;
- Doubling the funding available through the Home Energy Emergency Assistance scheme from 2013-14. This means that households in need can receive up to \$720 if they are facing an emergency and cannot pay their electricity bill; and
- Providing a \$120 / year pensioner subsidy on SEQ water and sewerage.

Recent Queensland Government actions focused on medium term cost-of-living relief goals include:

- Establishing the Independent Review Panel to assess how best to deliver a more affordable, efficient and sustainable electricity industry;
- Directing Energex and Ergon to deliver efficiency measures, that will help save about \$3 billion from 2013–14;
- Amalgamating the SEQ bulk water entities into one single bulk water entity (Seqwater) and abolishing the Queensland Water Commission, while ‘mothballing’ unnecessary water assets – saving about \$80 million per year. This has helped reduced the proposed bulk water price increase for SEQ residents; and
- Working with local communities to develop local management solutions for channel irrigator schemes to ensure future services and prices better reflect customer needs.

And, to put downward pressure on future electricity prices, the Newman Government’s actions also focus on planning for the longer-term horizon, including engaging with Queenslanders to develop 30-year plans for our future electricity and water supply, while also moving quickly to rein-in the previous government’s Solar Bonus Scheme (the Scheme).