

QUESTION ON NOTICE

No. 598

asked on 7 August 2014

DR FLEGG ASKED THE MINISTER FOR ENERGY AND WATER SUPPLY (MR MCARDLE)—

QUESTION:

Will the Minister advise what plans the government has to make electricity supply more affordable and help ease the costs of living pressures for families in Moggill?

ANSWER:

The main cost drivers for Queensland's skyrocketing electricity price increases over the last decade are attributed to significant planning failures (the Beattie Government's 2004 electricity supply crisis); the reckless "blank cheque" response to it ("gold-plating" networks); and economically irresponsible political interventions in the energy market (bias against coal, while implementing economically-irresponsible green schemes like the carbon tax, the renewable energy target and the solar bonus scheme). Indeed, all major cost drivers (gold plating and green schemes) for electricity price increases in Queensland over the last decade – including over the last three years – were locked-in to the cost of supply by past governments (state and federal).

For all Queensland families, it is the record of the Beattie-Bligh Government that provides the most compelling evidence their household budgets would be better-off today if state-owned power companies were in more capable – less conflicted – hands:

- Recent economic analysis commissioned by NSW Treasury showed network costs – the biggest cost driver for household electricity price increases – rose at a much faster rate in Queensland over the last decade than for privately-owned power companies interstate, where they had fallen; and
- Analysis by the Productivity Commission last year showed state-owned network companies in Queensland were more costly in terms of their regulated asset base, revenue and expenditure per customer compared to private networks. This remained the case when they were split into urban and country networks.

Given the critical role a secure and affordable electricity supply will play in lowering cost-of-living stress for families, as well as in growing a four pillar economy of tourism, agriculture, resources and construction, I commissioned an independent review of cost pressures affecting electricity prices soon after the Newman Government was elected. And, we are now implementing 62 recommendations to improve the electricity supply chain, address price pressures for customers and deliver a more resilient and reliable supply sector. Without major changes to the electricity sector, Queensland power prices will continue to rise – doing nothing is not an option. But, it is important to acknowledge years of over investment and poor regulation will take time to unwind.

Demonstrating our commitment to reduce the Beattie-Bligh Government's cost-of-living impact on Moggill residents, the Newman Government is implementing our strong plan to stabilise electricity prices from 2015-16, while also providing immediate cost-of-living relief measures, including:

- ✓ One-year freeze for the standard electricity tariff (tariff 11) at 2011-12 prices – saving a typical Queensland household about \$120 in 2012-13;
- ✓ Successfully campaigning for the removal of the carbon tax – saving a typical household about \$170/year;
- ✓ Boosting concessions for electricity to \$320.97 / year for pensioners and Seniors Card holders this year, including committing over \$50 million (additional) to cover the shortfall in Commonwealth funding for concessions; and
- ✓ More than doubled funding for the Home Energy Emergence Assistance Scheme (HEEAS) to provide struggling households up to \$720 if they are facing an emergency and cannot pay their electricity bill.

Having spent a significant amount of time and effort lobbying Queensland Federal MPs and Senators for the removal of the carbon tax, the Newman Government is very pleased to see families and businesses in Moggill electorate are now receiving advice from their power retail company that their power bills will be cut by at least eight per cent because the Abbott Government “axed” the carbon tax. However, removing the carbon tax – the biggest and quickest reduction in electricity bills in over a decade – was just one part of our strong plan to put downward pressure on electricity prices. Other major changes aimed at tackling power prices will ensure that Queensland's electricity supply system will be more resilient, more cost-effective and more customer focused in the future by:

- Balancing investment needs, costs and savings;
- Ensuring consumers pay a fairer price for electricity;
- Introducing market monitoring in SEQ from 2015-16, while strengthening consumer protections; and
- Helping vulnerable consumers to better manage future increases.

More competition will mean more choice, better deals and even more opportunities so families and businesses in the Moggill electorate can save more on their electricity bill, while also enjoying better consumer protections.