

QUESTION ON NOTICE

No. 612

asked on 26 August 2014

MR PUCCI 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 cost of living pressures residents of Logan, including those who live in villages and resorts that don't pass on electricity rebates?

ANSWER:

All major cost drivers (gold plating and green schemes) for electricity price increases in Queensland over the last decade – especially in the last three years – were locked-in to the future cost of supply by past Labor governments (state and federal). In this regard, the Member for Logan may recall that soon after the Newman Government was elected, former Prime Minister Julia Gillard linked bigger, long-standing, power price increases in Queensland with a conflict between public ownership and political interest:

“For too long, some state [Labor] governments have been increasing their revenue at the expense of the family electricity bill...,” Ms Gillard said.

Clearly, there are conflicts between the commercial and other interests of Government, publicly-owned power companies and union(s) – even more concerning if past and present MPs are rewarded with financial and other support from a “militant and extremist” union. Sadly, for all Queenslanders, including families living in the electorate of Logan, it is the record of the Beattie-Bligh Government that provides the most compelling evidence their household bills would be a lot more affordable if our state-owned electricity assets 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 Queensland 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. Without major changes to the electricity sector, Queensland power prices will continue to rise – doing nothing was not an option.

Demonstrating our commitment to reduce the Beattie-Bligh Government's cost-of-living impact on Logan residents, the Newman Government is already 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 to cover the shortfall in Commonwealth funding for concessions; and
- ✓ more than doubled funding for the Home Energy Emergency 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 Logan 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. But, it is important to acknowledge years of over investment and poor regulation will take time to unwind.

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.

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