

QUESTION ON NOTICE

No. 1321

asked on Thursday, 20 September 2018

MR S ANDREW ASKED THE MINISTER FOR NATURAL RESOURCES, MINES AND ENERGY (HON DR A LYNHAM)—

QUESTION:

With reference to cane farmers and irrigators in the Mirani Electorate who are already struggling with tariff rises of over 130 percent—

Will the Minister advise what steps the Queensland Government is taking to (a) reduce electricity prices for these growers and (b) alleviate rising electricity costs on these growers and irrigators?

ANSWER:

The Queensland Government is committed to ensuring farmers and irrigators in regional Queensland are able to access stable and affordable electricity.

In 2012, at the direction of the then government, the Queensland Competition Authority (QCA) commenced a process of transitioning legacy electricity tariffs to cost reflective tariffs by 2020. This is due to the fact that obsolete and transitional tariffs are not based on the cost of supplying electricity through the state's electricity network, and are being significantly subsidised by taxpayers through the community service obligation (estimated at \$465 million in 2018–19).

In regional Queensland, farmers and irrigators are supplied under transitional and obsolete tariffs, or standard business tariffs. In its final determination for 2018–19, the QCA decided to:

- freeze transitional and obsolete tariffs at their 2017–18 levels;
- reduce standard small business tariffs by 3.4 per cent; and
- reduce standard large business tariffs by between 2.6 per cent and 3.5 per cent.

In the last four years, farming and irrigation tariffs have increased by between 4.2 and 4.4 per cent per year (on average).

This government is also supporting agricultural customers through its \$2 billion Affordable Energy Plan. Under the plan, the government has expanded the existing Energy Savers Plus program to include an additional 200 energy audits to help agricultural businesses identify opportunities to use electricity more efficiently. Through the program, the government will also offer co-contribution grants of up to \$20,000 to assist businesses in implementing the recommendations from the audit.

More broadly, the government will continue to utilise its public ownership of energy generation and distribution assets to deliver further bill savings for Queensland electricity consumers over the coming years, including farmers and irrigators. For example:

- On 30 August 2018, the Queensland Government established 'CleanCo'— a new publicly-owned clean energy generator. CleanCo will increase competition in the National Electricity Market, and place downward pressure on wholesale electricity prices. The government's preliminary analysis indicates CleanCo should reduce wholesale electricity prices by an average of around \$7 per megawatt hour, which is expected to translate into lower retail bills for businesses.
- On 4 September 2018, Energex and Ergon Energy released draft network tariff plans for the 2020–25 regulatory period. According to the draft plans, Energex and Ergon Energy have proposed a 10 per cent reduction in distribution network charges commencing July 2020, equating to an annual saving of \$50 for the average small business. These plans will be subject to the review and approval of the Australian Energy Regulator.