

QUESTION ON NOTICE

No. 797

asked on Thursday, 14 June 2018

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

QUESTION:

Will the Minister provide an update on what the Palaszczuk Government is doing to reduce electricity prices and highlight the successes of that strategy?

ANSWER:

The Queensland Government is committed to stable electricity prices and is taking affirmative action to ensure Queenslanders can continue to receive affordable, secure and sustainable supply of electricity.

According to the Queensland Competition Authority's (QCA) Final Determination, from 1 July 2018, the electricity bill for a typical regional household on Tariff 11 will reduce by 1.3 per cent (\$20) while a typical small business on Tariff 20 will reduce by 3.4 per cent (\$86). Large businesses will also see bill decreases of between 2.6 per cent and 3.5 per cent, while bills for customers on transitional tariffs, including farmers and irrigators, will remain at 2017–18 levels.

This is the second year that electricity prices have decreased under a Palaszczuk Government, and Queensland now has the lowest electricity prices, on average, compared with all the other mainland states in the national electricity market.

The QCA confirmed that the price decreases are primarily due to lower network costs and a reduction in wholesale energy costs. These decreases result from the government's direction to the network businesses not to appeal the Australian Energy Regulator revenue decision, and the direction to Stanwell to alter its bidding practices and return the 385 megawatt Swanbank E gas-fired power station to service.

The downward pressure on electricity prices experienced in regional Queensland is also being experienced in the deregulated South-East Queensland market, with the major retailers announcing decreases of between 1.0 per cent and 3.8 per cent for households and 1.0 per cent and 7.2 per cent for small businesses, to apply from 1 July 2018.

These outcomes are the direct result of the policy measures implemented by the Palaszczuk Government under the \$2 billion Affordable Energy Plan. The plan—which features \$300 million of new initiatives—includes a landmark commitment to keep electricity prices for typical household and small business customers below inflation on average over the next two years.

Under the plan, the government is providing a rebate of \$50 per year for the next two years to all Queensland households. Customers started receiving their first rebate from 30 April 2018, bringing important savings for households moving into the winter months.

The plan also introduces a new retail product for customers in regional Queensland, called EasyPay Rewards. This will provide a rebate of \$75 for households and \$120 for small businesses which register with Ergon Energy and agree to pay their bills on time either weekly, fortnightly or monthly via direct debit.

The government has also committed to removing the non-reversion policy to allow residential and small business customers to return to Ergon Energy, also allowing them to access EasyPay Rewards. Legislation that enables removal of non-reversion policy is currently before the Parliament.

The initiatives under the Affordable Energy Plan build on recent investments from the Palaszczuk Government aimed at stabilising electricity prices, including \$770 million to cover the cost of the Solar Bonus Scheme for all Queenslanders until 2020.

The government is also committed to ensuring regional electricity customers pay a similar price to those in South East Queensland through the Uniform Tariff Policy. The recent decision by the QCA to decrease prices for households in regional Queensland by 1.3 per cent is in keeping with price decreases of between 1 and 3.8 per cent in South East Queensland. Further, in 2018–19, the government has budgeted \$465 million to deliver this policy. While prices in South East Queensland are reducing in 2018-19, without this subsidy, regional Queensland electricity customers would pay much more for their electricity than they currently do. In its 2016 Electricity Pricing Inquiry, the Queensland Productivity Commission estimated that a typical regional residential customer would pay between 30 per cent and 140 per cent more if regional electricity prices were not subsidised by the Queensland Government.