QUESTION ON NOTICE

No. 884

asked on Friday, 15 June 2018

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

QUESTION:

With reference to the cost of electricity which is putting many business owners in small regional centres under significant financial pressure (e.g. despite no changes to the Jordan family's Dimbulah Food Store, their electricity bill shows a 35 percent increase in less than three years)—

Will the Minister advise what, if any, policy changes are underway to reduce or prevent current prices from escalating even further?

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.

The Queensland Competition Authority's (QCA) 2018–19 Final Determination for regional electricity prices confirms that the government is delivering on this commitment, particularly for business customers.

According to the final determination, a typical small business customer on Tariff 20 will pay 3.4 per cent less for their electricity in 2018–19, while a typical large business customer on tariff 44, 45 or 46 will pay between 2.6 per cent and 3.5 per cent less for their electricity. The QCA decided to keep transitional and obsolete tariffs at 2017–18 levels, which means the businesses on these tariffs (primarily farmers and irrigators), will face no increase in their electricity costs for 2018–19.

After taking into account the price outcomes for 2018–19, over the last four years under the Palaszczuk Government, electricity prices will have increased by an annual average of:

- 2.1 per cent for a typical small business on Tariff 20;
- between 3.1 per cent and 3.5 per cent for the typical large business customers; and
- 4.4 per cent for farming and irrigating tariffs.

In its determination, the QCA confirmed that the price decreases for 2018–19 are primarily due to lower network costs and a reduction in wholesale energy costs. These outcomes reflect a number of key initiatives implemented by the Palaszczuk Government, including:

- The direction to the network businesses not to appeal the Australian Energy Regulator revenue decision for the 2015–20 regulatory control period, and

- The direction to Stanwell Corporation to alter its bidding practices and return the 385 megawatt Swanbank E gas-fired power station to service.

More recently, the Palaszczuk Government has implemented a series of policy measures aimed at directly improving energy affordability for businesses in regional Queensland.

Under the $2 billion Affordable Energy Plan, small businesses will have access to EasyPay Rewards, which provides a rebate of $120 for businesses that register with Ergon Energy and agree to pay their bills on time either weekly, fortnightly or monthly via direct debit.

Under the plan, the government has also committed to removing the non-reversion policy to allow 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 Parliament.

The initiatives under the Affordable Energy Plan build on previous 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. In 2018–19, the government has budgeted $465 million to deliver this policy. Without this subsidy, regional Queensland electricity customers would pay significantly more for their electricity than they currently do, with the Queensland Productivity Commission estimating 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.