



# **Cheaper Power (Supplementary Appropriation) Bill 2024**

**Report No. 5, 57th Parliament  
Cost of Living and Economics Committee  
May 2024**

## **Cost of Living and Economics Committee**

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### **Acknowledgements**

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All web address references are current at the time of publishing.

## Contents

<b>Chair’s foreword</b>	<b>ii</b>
<b>Recommendations</b>	<b>iii</b>
<b>Executive Summary</b>	<b>iv</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Policy objectives of the Bill	1
1.2 Background to the Bill	2
1.3 Legislative compliance	2
1.3.1 <i>Legislative Standards Act 1992</i>	2
1.3.2 <i>Human Rights Act 2019</i>	3
1.4 Should the Bill be passed?	3
<b>2 Examination of the Bill</b>	<b>3</b>
2.1 Stakeholder views	3
2.2 Departmental response	5
<b>Appendix A – Submitters</b>	<b>8</b>
<b>Appendix B – Officials at public departmental briefing</b>	<b>9</b>

## Chair's foreword

This report presents a summary of the Cost of Living and Economics Committee's consideration of the Cheaper Power (Supplementary Appropriation) Bill 2024.

The committee's task was to consider the policy to be achieved by the legislation and the application of fundamental legislative principles – that is, to consider whether the Bill has sufficient regard to the rights and liberties of individuals, and to the institution of Parliament. The committee also examined the Bill for compatibility with human rights, in accordance with the *Human Rights Act 2019*.

On behalf of the committee, I thank those individuals and organisations who made written submissions on the Bill. I also thank Queensland Treasury and our Parliamentary Service staff for their assistance.

I commend this report to the House.



Linus Power MP

Chair

## Recommendations

<b>Recommendation 1</b>	<b>3</b>
The committee recommends the Cheaper Power (Supplementary Appropriation) Bill 2024 be passed.	3

## Executive Summary

The Cheaper Power (Supplementary Appropriation) Bill 2024 seeks supplementary appropriation of \$2.267 billion for the 2023-24 financial year for unforeseen expenditure to provide funding for rebates for power bills to support cost of living relief for Queensland households and businesses.

The energy rebates provide \$1,000 to Queensland households and \$325 to small businesses and are to be applied automatically to eligible electricity accounts. The rebates will be targeted as a lump sum credit from 1 July 2024. The existing \$372.20 in electricity rebates provided to pensioners and seniors will continue and will be paid to eligible households on top of the \$1,000, meaning those households will get a total rebate of \$1,372.20.

Supplementary appropriation for the unforeseen expenditure is being sought to provide cost of living relief in a timely manner before the next election, and to promote transparency on government expenditure.

Unforeseen expenditure may, on the Treasurer's recommendation, be authorised by the Governor-in-Council, as required under section 35 of the *Financial Accountability Act 2009*. Payments from the Consolidated Fund, including unforeseen expenditure, must then be formally authorised under an Act of Parliament in accordance with section 66 of the *Constitution of Queensland 2001*.

Stakeholders who submitted to the Inquiry raised issues in relation to the broad nature of the payment, recommending that the payment be more targeted to assist vulnerable households and those facing financial hardship.

Stakeholders also raised issues regarding the focus of government policy on ongoing and long-term measures to address cost of living pressures, the potential for the payment to contribute to rising power prices or the prices of other goods, the potential for the payment to impact on inflation and the government's financial position, and the impact it may have on the government's commitment to reducing greenhouse gases if the payment encourages additional power consumption.

The committee's assessment of the Bill did not identify any potential incompatibilities with the *Human Rights Act 2019*, and as such, the committee considers that the Bill is compatible with human rights.

The committee's assessment of the Bill's compliance with the *Legislative Standards Act 1992* found no issues, and therefore considers the Cheaper Power (Supplementary Appropriation) Bill 2024 is consistent with fundamental legislative principles. The explanatory notes contain the information required by Part 4 and a sufficient level of background information and commentary to facilitate understanding of the Bill's aims and origins.

The committee has recommended that the Cheaper Power (Supplementary Appropriation) Bill 2024 be passed.

## 1 Introduction

### 1.1 Policy objectives of the Bill

The objective of the Bill is to seek supplementary appropriation of \$2.267 billion for the 2023-24 financial year for unforeseen expenditure to provide funding for rebates applying to power bills to 'support cost of living relief for Queensland households'.<sup>1</sup>

Queensland Treasury (Treasury/department) has advised that 'cost of living support is a key Queensland Government priority, recognising the increased national cost of living pressures on household budgets resulting from growing everyday expenses like mortgage repayments, rent, groceries, and fuel'.<sup>2</sup>

The Bill allows for energy rebates of \$1,000 to be provided to Queensland households, which is estimated to be around 2.2 million households.<sup>3</sup> The rebate is to be applied automatically to eligible residential customers' electricity accounts and targeted as a lump sum credit from 1 July 2024.<sup>4</sup> Treasury advised the '\$1,000 [Cost of Living Rebate] COLR to all households in 2024-25 nearly doubles the \$550 COLR to all households in 2023-24'.<sup>5</sup>

In terms of the impact on power bills, Treasury advised:

For a typical residential customer across Queensland, the \$1,000 COLR may represent around half of their estimated annual household electricity bill in 2024-25, meaning most Queenslanders may not pay anything on their first electricity bill in 2024-25 and many may not pay another bill until 2025.<sup>6</sup>

The Hon Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade, and Investment (Deputy Premier) advised the existing \$372.20 in electricity rebates provided to pensioners and seniors will continue and will be paid to eligible households on top of the \$1,000, meaning those households will get a total rebate of \$1,372.20.<sup>7</sup>

In addition, the supplementary appropriation will provide a \$325 electricity rebate for around 205,00 eligible small businesses.<sup>8</sup> The rebate will be provided through a single payment in 2024-25, which the Deputy Premier advised 'is the same amount the state funded in the current financial year'.<sup>9</sup> The rebate is to be applied automatically to eligible small business customers' electricity accounts and targeted as a lump sum credit from 1 July 2024.<sup>10</sup>

<sup>1</sup> Explanatory notes, p 1; Hon Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade, and Investment, Record of Proceedings, 2 May 2024, p 1483.

<sup>2</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>3</sup> Hon Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade, and Investment, Record of Proceedings, 2 May 2024, p 1483;

<sup>4</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>5</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>6</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1. It is noted that final estimated 2024-25 electricity bills will be influenced by final electricity pricing decisions of the Queensland Competition Authority (for regional Queensland) and the Australian Energy Regulator (for South East Queensland). Actual customer bills in 2024-25 will also be impacted by a range of factors including a customer's individual supply arrangements with their retailer, particular electricity tariffs, and energy usage.

<sup>7</sup> Record of Proceedings, 2 May 2024, p 1483. The Government has announced the \$372.20 Queensland Electricity Rebate will continue in 2024-25, which remains the subject of an ongoing approval and, as such, expenditure for that initiative is not being sought in the Bill.

<sup>8</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>9</sup> Record of Proceedings, 2 May 2024, p 1483.

<sup>10</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

According to the Deputy Premier who introduced the Bill, the ‘rebates will be funded by our coal royalties, including our progressive coal royalties’.<sup>11</sup>

The explanatory notes advise the State Government has ‘decided to make these payments within the 2023-24 financial year as unforeseen expenditure to provide urgent relief and ensure that the rebates cannot be revoked or reduced by a future government’.<sup>12</sup> Treasury also advised that the Bill was introduced on 2 May 2024 ‘to ensure funding for this cost of living initiative can be appropriated in a timely manner, promoting transparency for this significant expenditure’.<sup>13</sup>

## 1.2 Background to the Bill

While the Appropriation Act 2023<sup>14</sup> appropriated the amount of \$78,411,379,000 from the Consolidated Fund for departments,<sup>15</sup> the explanatory notes advise that additional decisions can be made through the year that give rise to additional funding being required from the Consolidated Fund. These additional payments comprise unforeseen expenditure.<sup>16</sup>

A department that incurs unforeseen expenditure means it has needed more appropriation than it was provided by the original Appropriation Act for that year. In this case, unforeseen expenditure includes new government decisions that occur in the lead-up to the 2024-25 Budget that impact 2023-24, that is, government approved electricity bill rebates to Queensland households and small businesses to provide cost of living relief.<sup>17</sup>

Unforeseen expenditure may, on the Treasurer’s recommendation, be authorised by the Governor-in-Council.<sup>18</sup> Payments from the Consolidated Fund, including unforeseen expenditure, must then be formally authorised under an Act of Parliament in accordance with section 66 of the *Constitution of Queensland 2001*.<sup>19</sup>

## 1.3 Legislative compliance

Our deliberations included assessing whether or not the Bill complies with the Parliament’s requirements for legislation as contained in the *Parliament of Queensland Act 2001*, *Legislative Standards Act 1992* and the *Human Rights Act 2019*.

### 1.3.1 Legislative Standards Act 1992

Our assessment of the Bill’s compliance with the *Legislative Standards Act 1992* found that no issues of fundamental legislative principle were identified. Therefore, the committee considers the Cheaper Power (Supplementary Appropriation) Bill 2024 is consistent with fundamental legislative principles.

Explanatory notes were tabled on the introduction of the Bill, as required by section 22 of the *Legislative Standards Act 1992*. The notes contain the information required by Part 4 and a sufficient level of background information and commentary to facilitate understanding of the Bill’s aims and origins.

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<sup>11</sup> Record of Proceedings, 2 May 2024, p 1483.

<sup>12</sup> Explanatory notes, p 1.

<sup>13</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>14</sup> Assented to on 1 September 2023.

<sup>15</sup> For the financial year starting 1 July 2023.

<sup>16</sup> Explanatory notes, p 1.

<sup>17</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>18</sup> Explanatory notes, p 1. As required under section 35 of the *Financial Accountability Act 2009*.

<sup>19</sup> Explanatory notes, p 1.



### 1.3.2 *Human Rights Act 2019*

Our assessments of the Bill's compatibility with the *Human Rights Act 2019* did not identify any incompatibilities. We find the Bill is compatible with human rights.

A statement of compatibility was tabled with the introduction of the Bill as required by section 38 of the *Human Rights Act 2019*. The statement contained a sufficient level of information to facilitate understanding of the Bill in relation to its compatibility with human rights.

### 1.4 **Should the Bill be passed?**

The committee is required to determine whether or not to recommend that the Bill be passed.

#### **Recommendation 1**

The committee recommends the Cheaper Power (Supplementary Appropriation) Bill 2024 be passed.

## 2 Examination of the Bill

The Bill seeks supplementary appropriation for the 2023-24 financial year for unforeseen expenditure of \$2.267 billion.

The Bill proposes that this unforeseen expenditure be paid from the Consolidated Fund to the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts, which will administer the funds for the rebate support.<sup>20</sup>

### 2.1 Stakeholder views

All stakeholders who made submissions to the Inquiry raised the issue of targeting the payment to assist those who most need the help.

While the Queensland Council of Social Service (QCOSS) welcomed the intent of the Bill, QCOSS submitted that the cost-of-living relief should be more targeted to vulnerable households and people on low incomes.<sup>21</sup> According to QCOSS, low-income households are currently more likely to experience energy vulnerability and disadvantage, and they spend double the amount of their disposable income on energy than middle-income households.<sup>22</sup>

QCOSS referred to the previous financial year's cost-of-living rebate, which was \$550 for most Queensland households. Vulnerable households such as seniors, pensioners and other concession card holders, received an additional cost-of-living rebate, which QCOSS stated, 'provided cost-of-living relief in a more targeted and equitable way, ensuring vulnerable households received a greater benefit and maximised the impact of the cost-of-living relief package'.<sup>23</sup>

QCOSS also raised concerns that those whose premises are not separately metered or who don't receive a separate electricity bill (such as where electricity is included as part of their rent), will not be eligible to receive the rebate.<sup>24</sup>

<sup>20</sup> Hon Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade, and Investment, Record of Proceedings, 2 May 2024, p 1483.

<sup>21</sup> Submission 3, p 1.

<sup>22</sup> Submission 3, p 1.

<sup>23</sup> Submission 3, p 2.

<sup>24</sup> Submission 3, p 2.

QCOSS advised it would welcome measures to include consumers who are in areas reliant on card-operated meters (such as many living in remote regions, including Aboriginal and Torres Strait Islander communities) and households in embedded networks receiving their electricity through authorised on-suppliers.<sup>25</sup>

The St Vincent de Paul Society Queensland (St Vincent de Paul Society) similarly advised it welcomed the intention of the Bill to ‘provide much needed cost of living relief to Queenslanders experiencing financial hardship’ but also raised concerns about ‘the potential impact on the state’s capacity to fund much needed additional cost of living measures including measures to promote long-term electricity bill relief for the most vulnerable in our community’.<sup>26</sup>

The St Vincent de Paul Society submitted its concern that ‘this measure is not sufficiently targeted to those most in need but instead represents a subsidy to all Queenslanders including those with the ability to absorb higher energy cost,’ and added:

Our members and staff working with those experiencing financial hardship are keenly aware of the need for long-term measures that can ease cost of living pressures for our companions and clients. We therefore urge The Government to ensure that this measure is supplemented by others that work to achieve a more socially just outcome for vulnerable Queenslanders.<sup>27</sup>

The St Vincent de Paul Society recommended consideration of additional measures to address energy inequity, fuel, food, and education costs.<sup>28</sup>

Adept Economics stated, ‘the appropriation should be much smaller, and the government should target the assistance better’ because it is not means tested.<sup>29</sup>

Adept Economics also argued that:

- the rebate is incompatible with the government’s commitment to reducing greenhouse emissions because the subsidised power could encourage additional electricity consumption
- Treasury should have provided an update on the budget aggregates to accompany this supplementary appropriation to help with an assessment of the proposed spending.<sup>30</sup>

The Australian Institute for Progress similarly argued against the Bill, including for the following reasons:

- there is a risk that the Bill will reduce the incentives in the economy to keep costs down, leading to greater price increases over time<sup>31</sup>
- the \$2 billion spent alleviating power bills will be unable to be spent elsewhere or saved, and the cost of rising power prices will be hidden and distributed through other parts of the economy<sup>32</sup>
- the government should concentrate on increasing productivity and freeing-up supply chains, and change its plans for electricity generation to tackle the cost of living<sup>33</sup>

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<sup>25</sup> Submission 3, p 1.

<sup>26</sup> Submission 4, p 1

<sup>27</sup> Submission 4, p 1.

<sup>28</sup> Submission 4, pp 2-3.

<sup>29</sup> Submission 1, p 1.

<sup>30</sup> Submission 1, p 1.

<sup>31</sup> Submission 2, p 1.

<sup>32</sup> Submission 2, p 1.

<sup>33</sup> Submission 2, p 1.

- coal royalties are not paying for the credit because, given that government income is fungible, it is not really being taken from coal company royalties but from general revenue<sup>34</sup>
- the amount going to businesses is roughly one-third of that to individuals, yet many small businesses' power bills are many times that of a household, and the cost will have to be passed on to consumers, adding to cost of living pressures.<sup>35</sup>

## 2.2 Departmental response

The department responded to the issue of targeting the payment by advising that 'Eligibility for the 2024-25 Cost of Living Rebate to all households remains unchanged from the 2023-24 Cost of Living Rebate and support delivered via electricity bill rebates in previous years'.<sup>36</sup> Treasury informed the committee, 'The delivery of cost-of-living support to Queensland residents via electricity bill relief is a longstanding policy initiative that multiple governments have utilised to deliver support to the Queensland community. It is a very effective and well-understood mechanism'.<sup>37</sup>

On the issue of targeting vulnerable households more specifically, Treasury advised that the existing \$372.20 Queensland Electricity Rebate to vulnerable households will continue in 2024-25, meaning that vulnerable households will receive a total of \$1,372.20 in electricity bill relief in 2024-25.<sup>38</sup> Eligible vulnerable households include:

- Queensland Seniors Card holders
- Services Australia or Department of Veterans' Affairs Pensioner Concession Card holders
- Services Australia Health Care Card holders, including holders of the Low Income Healthcare Card and the Ex-Carer Allowance (Child) Healthcare Card
- Department of Veterans' Affairs Gold Card holders and recipients of the war widower pension or special rate TPI pension, and
- those with asylum seeker status.<sup>39</sup>

Treasury advised that to receive the rebate, vulnerable households holding the relevant concession cards will need to contact the relevant electricity retailer to make themselves known.<sup>40</sup> Treasury also advised it will 'work with other agencies and departments to ensure that information is available, particularly for vulnerable cohorts, to enable them to access those additional rebates' and that 'this is an established program and there is a good understanding in the community sector about eligibility and access mechanisms'.<sup>41</sup>

On the issue of eligibility for the rebate, Treasury advised that as with previous rebates, including the Cost of Living rebate in 2023-24:

All Queensland customers classified as "residential" under the National Energy Retail Law who are individually metered and have an active electricity account with an energy retailer or embedded network electricity supplier on 1 July 2024 will be eligible to receive the \$1,000 Cost of Living Rebate.

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<sup>34</sup> Submission 2, p 1.

<sup>35</sup> Submission 2, p 2.

<sup>36</sup> Correspondence, Queensland Treasury, 10 May 2024, p 1.

<sup>37</sup> Public briefing transcript, Brisbane, 9 May 2024, p 2.

<sup>38</sup> Correspondence, Queensland Treasury, 10 May 2024, p 1.

<sup>39</sup> Public briefing transcript, Brisbane, 9 May 2024, p 3.

<sup>40</sup> Public briefing transcript, Brisbane, 9 May 2024, p 3.

<sup>41</sup> Public briefing transcript, Brisbane, 9 May 2024, p 3.

Embedded network customers such as those in units and caravan parks are also eligible for the Cost of Living Rebate provided they meet the above eligibility criteria. Consistent with previous years, embedded network operators will submit the relevant form to their retailer notifying them of the number of eligible households in their embedded network on 1 July 2024. This bulk payment is credited to the embedded network operator's account, and embedded network operators are responsible for distributing the rebate to their residents as a credit on their next bill.<sup>42</sup>

The same will apply to small businesses who may also be in embedded networks, such as in shopping centres or other industrial parks.<sup>43</sup>

In relation to means testing, Treasury advised that the Queensland Government 'does not hold, nor will the federal government provide, income details in relation to individuals',<sup>44</sup> and therefore the 'Government does not have access to the income data needed for any further rebate targeting' beyond that identified in terms of determining vulnerable households.<sup>45</sup> To obtain such data, Treasury advised the Queensland Government:

... would be relying on obtaining the data from individuals, so that would have to be on a voluntary basis. It would then need to be assessed and considered and then decisions taken in relation to the application of any rebates. For Queensland Treasury's part, the efficiency associated with the delivery of this as a mechanism for cost-of-living support for a broad range of Queenslanders is a very attractive delivery mechanism that is available to the state currently. There would certainly be a very significant administrative overhead to further condition this payment.<sup>46</sup>

Treasury advised the best way to deliver direct cost-of-living support to a broad range of community members is 'via the regular power bill because (1) we do not have the data to means test effectively; and (2) the current program is already designed to ensure that vulnerable people are better looked after and receive additional support'.<sup>47</sup>

In response to concerns about the impact on inflation, Treasury advised the rebate has 'a deflationary impact in relation to the ongoing cost of power'.<sup>48</sup> Treasury also advised the committee:

Recent data from the Australian Bureau of Statistics (ABS) shows the \$550 COLR has lowered electricity bills by 9.5 per cent, contributing to inflation in Queensland being lower than the national average.

It is estimated the proposed \$1,000 cost of living relief to households through electricity rebates could detract around 1 percentage point from measured annual inflation (Brisbane CPI) in 2024-25.<sup>49</sup>

Treasury responded to the issues raised about the impact on state finances by advising that 'Funding for this initiative is supported by new progressive coal royalties, ensuring Queenslanders receive a fair and reasonable return for the use of the state's valuable and limited resources'.<sup>50</sup> Treasury also advised that the state's economic and fiscal outlook will be detailed the 2024-25 Budget, which will be delivered by the Deputy Premier, Treasurer, and Minister for Trade and Investment on 11 June 2024.<sup>51</sup>

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<sup>42</sup> Correspondence, Queensland Treasury, 10 May 2024, p 2.

<sup>43</sup> Public briefing transcript, Brisbane, 9 May 2024, p 4.

<sup>44</sup> Public briefing transcript, Brisbane, 9 May 2024, p 2.

<sup>45</sup> Correspondence, Queensland Treasury, 10 May 2024, p 1.

<sup>46</sup> Public briefing transcript, Brisbane, 9 May 2024, p 5.

<sup>47</sup> Public briefing transcript, Brisbane, 9 May 2024, p 2.

<sup>48</sup> Public briefing transcript, Brisbane, 9 May 2024, p 2.

<sup>49</sup> Correspondence, Queensland Treasury, 8 May 2024, p 1.

<sup>50</sup> Correspondence, Queensland Treasury, 10 May 2024, p 2.

<sup>51</sup> Correspondence, Queensland Treasury, 10 May 2024, p 2.

On concerns that the rebate is incompatible with the government's commitment to emissions reduction, Treasury advised:

There are a range of Government policies and legislation targeted at reducing greenhouse gas emissions, including the Queensland Energy and Jobs Plan, *Energy (Renewable Transformation and Jobs) Act 2024*, and *Clean Economy Jobs Act 2024*.

Collectively, these outline Queensland's pathway to clean, reliable, and affordable power, will support job creation by securing Queensland's economic future, and enshrine the State's emissions reduction and renewable energy commitments into law.

The Cost of Living Rebate is not expected to impact the State's emissions reduction pathway.

Latest emissions data from the Commonwealth shows Queensland's emissions in 2022 were 35 per cent lower than the 2005 level, meaning Queensland has not only met its 2030 emissions reduction target eight years early but also overachieved by an additional 5 percentage points.<sup>52</sup>

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<sup>52</sup> Correspondence, Queensland Treasury, 10 May 2024, p 2.

## Appendix A – Submitters

<b>Sub #</b>	<b>Submitter</b>
1	Adept Economics
2	Australian Institute for Progress
3	Queensland Council of Social Service
4	St Vincent de Paul Society Queensland

## Appendix B – Officials at public departmental briefing

### Queensland Treasury

- Mr Michael Carey, Under Treasurer
- Mr Dennis Molloy, Deputy Under Treasury, Economics and Fiscal
- Ms Kellie Reeves, Acting Assistant Under Treasurer, GOC Performance and Governance