Speech By

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ELECTRICITY AND OTHER LEGISLATION AMENDMENT BILL

Mr KRAUSE (Beaudesert—LNP) (4.36 pm): The Electricity and Other Legislation Amendment Bill 2014 reaffirms the government's commitment to put downward pressure on electricity prices. By implementing this legislation, $110 million will be saved on electricity bills over the next six years. The solar feed-in tariff program that was implemented by the former government will add, on average, $276 to household electricity prices in 2015-16. That is a large impost. Looking back, when people signed up to that scheme in good faith, they considered that it was a good investment and the government is standing by those contracts entered into with the state for those people. But it is a scheme which undoubtedly places a burden on those members of the community who do not have solar panels. By bringing this piece of legislation forward and ending the 8c feed-in tariff in South-East Queensland, we are providing additional relief for electricity consumers in the south-east corner.

When we talk about the impost of electricity prices on consumers, we all know that there is an impost on the whole economy due to electricity prices because electricity is used in every part of the economy, in every household and in every business. In particular, network charges on primary producers impose a great deal of impost on their economy, especially primary producers who are classified as a large user—that is, users who use more than 100 megawatts of power every year. Irrigators who use more than 100 megawatts of power a year have an additional charge other than just the usage charge, the variable charge per kilowatt hour. They get an on-demand network charge added to their electricity bill also.

Mr Rickuss interjected.

Mr KRAUSE: This is under a national regulatory regime where, if you use more than 100 megawatts of power per year you are deemed to be a large user and have to contribute directly to the network costs. The problem, as I see it, and as a lot of graziers and irrigators see it, with this being applied to irrigators is that the demand for electricity in that business can be very unpredictable. You cannot predict the weather. You do not know when it is going to rain, how much it is going to rain and how much it is not going to rain. It is a perverse outcome that means people can be moved into a higher use category to be classified as a large user simply because they have a particularly dry season like we just experienced in the south-east corner and, in particular, in the Lockyer Valley and the Fassifern Valley where it did not rain for about four months leading into March.

Mr Rickuss: So the costs of the structure have really gone up.

Mr KRAUSE: The cost of the structure has gone up—I take that interjection and I thank the member for Lockyer. It pushes the cost structure for primary producers through the roof, and they are charged on-demand network charges simply because it does not rain for a few months. There is no certainty for these businesses about the costs they are going to face. They do not know what their power bill will be from quarter to quarter because the high-volume user has to pay those peak demand charges which can actually dwarf the variable usage charges in particular cases. So the reform in this bill of abolishing the mandated 8c feed-in tariff, which is paid by Energex and therefore

passed on to all electricity consumers including irrigators, is a welcome measure. It is $110 million that will not be passed on to electricity consumers, including primary producers and irrigators.

I have heard a lot of stories from irrigators in my electorate who have been shocked by their electricity bills in the past few months. In some cases, my residents have felt physically sick when they have opened their electricity bills and experienced the pain which comes from on-demand network charges being imposed on irrigators. To keep crops going over the summer, they need to irrigate pretty much 24 hours a day, seven days a week. Some of the charges arising from that, because of the on-demand network charges which have been imposed, have simply made those crops uneconomical in some cases. The perverse thing about this too is that an irrigator who uses one meter point for all of his irrigation could possibly be pushed into the category of being a high user, whereas his neighbour who uses exactly the same amount of electricity but from three, four or five different metering points will not be pushed into the high-user category. This is because there is no aggregation across all of those points to push them into the high-user category so they do not get charged peak demand charges.

Irrigators need some certainty. If the money has already been spent to put the crops in the ground and then it does not rain, the irrigators are stuck and they need to make a decision. Do they water the crops and take a risk that they will not cop those peak demand charges and they will still be able to make a profit, or do they let the crops die? Farmers are crying out for some certainty about where their irrigation charges are going to lie.

It is a tragedy that we have so much water in the ground after last year's rain in February but in some cases it is just simply not economical to pump that out to grow crops. This is affecting the agricultural production in this state. We need to give irrigators some certainty. They should not be exposed to the crippling effect of those peak demand charges. The threshold for being put into that category should be lifted or removed entirely for irrigators to support our primary producers. We know that, under the watch of the Labor Party, the gold plating of Energex, Ergon and Powerlink and even schemes like the 44c feed-in tariff and the other tariff that is being removed in this legislation has sent up the cost of electricity to a large degree. Prices would be pushed up even higher if we were not making these reforms today. They are the main reasons for high electricity prices for irrigators, for businesses and for homes as well. The ill-conceived 44c per kilowatt hour feed-in tariff is the best example of a scheme that had great intentions but has had horrific consequences for consumers across-the-board.

We know that the cost of generating electricity is reasonably stable and that it is the network charges that are causing such inconvenience in the economy. In fact, it is causing more than an inconvenience; it is causing terrible outcomes for the economy. What irrigators need is relief from on-demand charges because they are exposed to completely unpredictable fees and costs in their sector and they are faced with completely unpredictable and unknown weather patterns and weather conditions. The impact that that is having on our agricultural output is certainly very drastic. I know that the member for Burnett has been speaking to a number of irrigators in his electorate, and that is why it is fantastic to see this reform coming forward to take $110 million out of our electricity bills.

We need to continue the work that has been undertaken by the minister in developing the 30-year plan to reduce costs. We need to give some certainty to sectors of the economy that their electricity prices will stabilise and that their bills will not be up and down from one quarter to the next so they can plan what their costs will be in their business and they will be able to go about growing produce or whatever their business is with some certainty about their costs. It is simply unsustainable for there to be such uncertainty when it comes to electricity charges. The effect of that uncertainty is already having an impact. I know that a lot of my residents are turning off their electric irrigators and switching to diesel irrigators because there is more certainty about the cost involved with that.

It is a big investment to make the reforms that need to be made to limit the impact of these network charges. It is a big investment for the state, but it will have a great benefit for the whole of Queensland and the agricultural sector, especially those in my electorate who irrigate their crops all of the time and want to use electricity. They do not want to switch off the network because if they switch off the network it will mean that everyone else will pay more charges and that is not a great outcome. We need to give irrigators certainty and relief when it comes to these network charges. I commend the minister for bringing these reforms into the House to take some costs out of electricity bills.