



Minister for Main Roads, Road Safety and Ports
Minister for Energy and Water Supply

Your Ref: 10.4 Petitions

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04 JAN 2016

Mr Neil Laurie
The Clerk of the Parliament
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Laurie

I refer to your letter of 2 December 2015 enclosing a copy of Petition No. 2517-15 lodged in the Queensland Legislative Assembly.

The Petition draws to the attention of the House what the Petitioners believe is an excessive supply charge for low users of reticulated AGL gas in the Toowoomba area. For this reason, the Petitioners ask the House to make provision for increasing the gas rebate to match the electricity rebate. I note that concerns about the gas supply charge in Toowoomba have been raised previously in a number of petitions to the House.

The Queensland reticulated natural gas market was deregulated in July 2007, meaning prices are set by suppliers, and that the Queensland Government does not have a role in the regulation of reticulated gas prices. These are overseen by the Australian Government's Australian Energy Regulator (AER). Retail natural gas prices reflect the costs of supply, including the ongoing maintenance and construction of gas pipeline infrastructure.

I understand that for low volume users of reticulated gas, the supply charge can represent a higher proportion of their bill. In Queensland, these charges also make up a larger proportion than in the southern states, as Queensland residential customers use much less gas on average than these customers and there are typically fewer premises connected per kilometre of gas main.

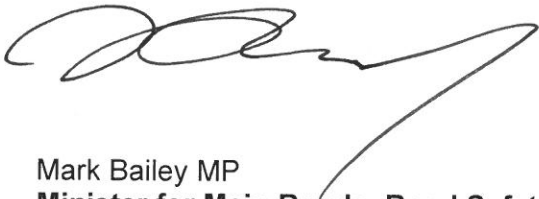
In Queensland, households rely on electricity as their primary energy source, and not all households are connected to the gas network. As a result, Queensland gas network operators need to maintain networks covering what might be a substantial geographic area but which typically deliver a significantly smaller quantity of gas to fewer customers than networks of a similar geographic area in the southern states. These fixed costs need to be recovered by gas suppliers regardless of the number of customers using the reticulated gas network.

In order to alleviate some of the impacts of the network charges, the Queensland Government provides the Reticulated Natural Gas Rebate for pensioners and seniors. From 1 July 2015, the amount provided under this rebate has risen from \$67.61 to \$68.56 (including GST) per year. The Queensland Government is also committed to ensuring concessions remain fully funded despite the Australian Government terminating National Partnership funding for Pensioners and Seniors Card holder concessions, at a cost to Queensland of \$56 million in 2015–16 and \$223.2 million over four years.

If practicable, the Petitioners may wish to investigate converting appliances to other options aside from reticulated gas for their energy supply. However, I encourage the Petitioners to carefully consider and research their requirements and any costs involved before making any changes.

I thank the Petitioners for raising their concerns with me and I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Bailey', with a long, sweeping tail extending downwards and to the right.

Mark Bailey MP
Minister for Main Roads, Road Safety and Ports
Minister for Energy, Biofuels and Water Supply