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STATE LIBS REJECT SEPARATE GREEN ENERGY TARGETS

Power price spike puts heat on ALP

EXCLUSIVE

**SIMON BENSON
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Electricity prices have soared 106 per cent over the past 10 years with the rise in annual household bills outstripping the growth of every other household expense, while also making it the fastest growing cost for most businesses.

Exclusive analysis commissioned by *The Australian* reveals prices have rocketed by up to 135 per cent in some states since 2007, while electricity costs for business have risen 50 per cent in just seven years.

The analysis comes as Malcolm Turnbull escalates the political fight with Bill Shorten over the hit to households and employers, with state Liberal leaders today joining the fray to demand an end to separate renewable energy targets for the states.

The unified stance puts pressure on Labor at federal and state level to justify overlapping renewable energy targets at a time when blackouts and power shortages are deepening concerns about the cost and security of power.

Victorian Liberal leader Matthew Guy and South Australian counterpart Steven Marshall will

reject the state targets today while Queensland Liberal leader Tim Nicholls also warns that the duplicating schemes are a burden on consumers.

The state moves were finalised last night and backed by Mr Turnbull as a sign of support for a single national approach.

“Bill Shorten wants to adopt South Australia’s failed ideological experiment which will lead to even higher power bills and more blackouts,” the Prime Minister said. “The result of unrealistic state-based targets has been huge

power bills for families and businesses and unreliable supply.”

Mr Nicholls said the “rush” to a Queensland state target of 50 per cent renewable energy by 2030 would hurt employers and households. “Why would we sacrifice a secure and stable power system for a system that could possibly lead to the situation we’ve seen in South Australia over the past four months?” he said.

“The reason we can export power from Queensland is we have coal-fired base-load power

generation that is secure and reliable and the result of investment over the last 30 years.”

The co-ordinated calls are aimed at piling pressure on Mr Shorten over his target of 50 per

cent renewable energy by 2030, a big leap from the current government goal of generating 23.5 per cent of electricity from renewable sources by 2020.

The Australian can also reveal Energy Minister Josh Frydenberg will conduct a phone hook-up with his state counterparts on Friday to renew his push for the abolition of the pricing appeals mechanism for energy network companies, which has been blocked by NSW and Queensland.

The Australian National University analysis of long-term price

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Power price spike puts heat on Shorten

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trends, based on Australian Bureau of Statistics data, reveals that the national average household power bill in 2006 was \$978 per household. Families are now forking out an average of \$2019 a year.

This was more than five times the rate of inflation for the same period, meaning power bills have risen as a percentage of the household budget more than any other item apart from government taxes on tobacco.

This was despite the average household having reduced electricity usage by 10 per cent over the same period.

The rise in electricity as a share of the average family budget rose 50 per in the past decade, making it the fastest rising single cost.

The numbers do not take into account gas prices, which have also risen well above the rate of inflation but significantly less than electricity.

The story was similar for business, which is being crippled by rising energy costs. In the

manufacturing sector, ABS data shows that as an input cost on production, electricity prices have risen 50 per cent in the past seven years on average. Gas prices for the same period rose 21.7 per cent.

Mr Frydenberg yesterday challenged the state governments to agree to reforms to the Limited Merits Review which allows network companies to challenge decisions of the Australian Energy Regulator. There is \$7 billion worth of extra charges that the network companies are seeking in reviews which if successful would

add a further \$300 to the price of an annual average bill.

“If state governments are going to be serious about lower prices for consumers, they need to keep the lid on network costs, which can make up to half a household bill. It is critical that the agreement to reform the Limited Merits Review

process at the last COAG Energy Council is implemented in full,” Mr Frydenberg said.

“Labor’s 50 per cent RET is also going to dramatically drive electricity prices higher, acting as a kick in the guts for families while costing jobs and sending investment offshore.

“Australia has been blessed with abundant energy resources, which gave us some of the lowest electricity prices in the world.

“This is no longer the case. After seeing prices rise by more than 100 per cent under Labor, the public cannot afford to be exposed to such reckless policies again.”

According to the analysis provided by the Australian National University’s Centre for Social Research and Methods, Queensland experienced the highest rate of

energy price increase of 135 per cent since 2007. It was followed by Victoria with a 117 per cent increase and NSW with 108 per cent.

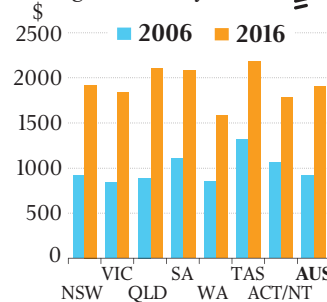
The highest annual power bills were now being borne by Queensland, South Australia and Tasmania, with the territories and Western Australia experiencing the lowest growth rates.

Today the Business Council of Australia will issue a call on behalf of an unlikely alliance of trade unions, the welfare lobby, industry and business for both sides of politics to end partisan debate on the issue.

A statement issued by the BCA on behalf of 18 industry, union, welfare, climate change, energy and investment groups, associations and stakeholders claimed the current political uncertainty over renewable energy policy was to blame for power prices as it had made for a risky investment environment. “There is simply no room for partisan politics when the reliability, affordability and sustainability of Australia’s energy system is at stake,” the statement said.

POWERING UP

Average electricity bill



Source: ANU, ABS