

Submission to Old Competition Authority re Electricity Price Increases from 1 July 2014.

In regards to the daily increasing levels of unemployment (both Queensland and nationwide) on a DAILY level, this government is proposing ANOTHER (with 6 more yearly increases to come) increase to consumers (household and business) electricity bills.

When taken in the context of the following FACTS:-

- the TRANSMISSION lines and poles are GOVERNMENT monopoly owned and returning 9.8% on investment. Total to date of **\$795 million. RISK FREE.**
- These same power lines make up 44% of a consumers power bill.
- The proposal by the QCA to increase power prices in relation to “rising costs” on the household consumer on Tariff 11 of 29% for the wholesale energy (carbon tax inclusive) = 35% Bill
- Solar Bonus Scheme – (proposed to account for 30% of the new increase)
- Network charges – 26% proposed increase
- TOTAL Increase to the average bill of \$192.

ALL of these percentage increases can be contested.

Firstly I have to question just HOW the government is upholding the “**best interest test**” under the “**Government Owned Corporations Act 1993**” when the major part of the consumers power bill can be attributed to the NETWORK (government owned monopoly) of 44% ????? So a 26% increase on the 44% of the power bill is WHAT ?????? A TAX by STEALTH.

To quote Ross Garnaut in his report “Dog Days” - *The owners of the poles and wires, which represent considerably more than half of the retail cost of electricity, receive a guaranteed rate of return that is extremely HIGH for investment that has little more risk than a government bond. Consumers are SLUGGED TWICE. They pay an unnecessarily high rate of return on past investments. And then the high rate of return for low-risk investment encourages wasteful overinvestment, on which the consumer must pay the guaranteed return. IF the high rates of return on past investments were promptly reduced to economically rational levels, there would be a once-and-for-all reduction in electricity prices”.*

I guess this could be put simply as covert price GOUGING by a government owned monopoly while being “disguised” as “**rising prices**”.

Solar Bonus Scheme :- while being the kicking ball in relation to ALL electricity price increases, has failed at any point in the QCA Draft Report, to acknowledge the private investment put in by many, many households. It has also failed to INCLUDE in the Draft the 20% carbon reduction commitments by 2020 that are already written into legislation – WHICH the Solar power owners are contributing to so handsomely.

The “methodology” being proposed in the breakdown of the present/increased Tariff component for 2013-2015 by shifting “costs” from CONSUMPTION to SERVICE CHARGE's can be perceived as nothing more than UNDERHANDED – DECEITFUL and MANIPULATIVE off-loading of costs onto the consumer (irrespective of consumption level OR actions taken by consumers to reduce power usage by :- installing LED lighting, purchasing more energy efficient appliances, turning off power consuming appliances while not in use and insulating homes more efficiently is NOT acknowledged by this Draft Proposal. Penalising households for these actions is abhorrent actions by government and have to be severely CONDEMNED. Actions that will ultimately become unsustainable as consumers invariably hold governments to account and also take actions to

disconnect from the grid thus leaving this government held monopoly (unless sold off to private (probably Chinese) interests in the mean time) in an asset death spiral. This gives the uncomfortable feeling that maybe this is the REAL agenda behind this REPREHENSIBLE act of THEFT from the householder and businesses.

Submission by :-

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