

PRESS RELEASE

FOR IMMEDIATE RELEASE – Thursday 9 October 2014



Asset leasing must drive lower energy costs

Energy users today welcomed yesterday's announcement by the Queensland government of its decision to lease its electricity assets. 'As the voice of Australian energy users, we applaud this decision as there are no compelling reasons for maintaining government-owned networks,' said Energy Users Association of Australia (EUAA) Chief Executive Officer Phil Barresi. 'Queensland energy users are significantly disadvantaged, struggling with soaring electricity bills.'

"We remain concerned if the drive for leasing of assets is purely about bolstering the treasury coffers of the State government – it must be as a means of providing cheaper energy costs for all Queenslanders – from the residential to the large energy users." Said Mr Barresi

'There's been significant research supporting this concept for some time,' said Mr Barresi. 'Energy users have been calling for privatisation of energy assets as the price impact would be significant. The potential savings can't be under estimated.'

The price of distribution network services is now more than twice the price in Victoria. Network prices in Victoria and SA have fallen significantly since privatisation in the 1990s, however, our Queensland energy users have experienced – network price increases well over 100% over the same time frame.

'This decision by the Queensland government to release their stronghold on energy networks is very much welcomed,' said Mr Barresi. 'However, along with the Senate Inquiry announced last week, and the network determinations currently underway, the EUAA will be watching the implementation of this announcement very closely to ensure assets are not artificially fattened prior to their lease.'

'The Australian Energy Regulator is currently receiving submissions from Queensland networks for their forward expenditure programs – the approval of these programs will determine the price that Queenslanders pay in their energy bills and the likely attractiveness of the assets by potential lessees.' said Mr Barresi. 'State governments have an incentive to inflate the value of network assets under the objective of providing the highest possible reliability standards. These same government providers borrow money at lower cost as well as enjoying favourable tax allowance arrangements.'

'Energy asset sales or lease must have as their central premise a drive for lower energy costs where it counts – with large energy users,' said Mr Barresi. 'This decision paves the way to putting an end to large energy users being held captive to unsustainable, skyrocketing and unsatisfactory costs - jobs and communities depend upon it.'

'We congratulate the Queensland government for their announcement,' said Mr Barresi. 'It's now time to ensure any savings are passed on to all energy users.'

The EUAA is the peak industry body for Australia's energy users including manufacturers, retailers and resource-based industries.

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