LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No. 32

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), MICHAEL PETTERSSON MLA (DEPUTY CHAIR), MARK PARTON MLA, SUZANNE ORR MLA

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27 NOV 2017
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COMMITTEE SUPPORT

Inquiry into referred 2016–17 Annual and Financial Reports
ANSWER TO QUESTION ON NOTICE

Asked by MR COE MLA:

Chief Minister, Treasury and Economic Development Directorate 2016/17 Annual Report, Economic Management, Output 4.1

In relation to Energy Industry Levy:

1. In relation to page 47 of the Annual Report stating the directorate 'implemented amendments to the Energy Industry Levy to reduce barriers to competition in the ACT Energy Industry and improve the transparency of the levy':

    a. What specific amendments were pursued?
    b. How do these amendments result in greater competition?

2. Will these amendments to the Energy Industry Levy lead to cheaper energy bills for ACT consumers?
    a. If yes, how much cheaper?
    b. If not, why not?

3. What feedback has the directorate received from business about the levy?
    i. Before the amendments?
    ii. After the Amendments?

Mr BARR MLA: The answer to the Member's question is as follows:–

1.
    a. The amendments to the Energy Industry Levy referred to on page 47 of the CMTEDD Annual Report were made in the *Red Tape Reduction Legislation Amendment Bill 2017* (the Bill). Detail of the specific amendments made can be found in Part 10 of the Bill, which is available at: http://www.legislation.act.gov.au/b/db_55701/20170330-65776/pdf/db_55701.pdf

    b. The amendments made to the Energy Industry Levy introduced a fairer approach to the distribution of levy costs across the energy sector, by requiring the majority of the levy payable to be distributed on the basis of the market share of operators.

       The EIL amendments support competition in the ACT energy market by reducing costs for new and small entrants to the energy market. This is important for retailers but also for electricity distribution firms as the changes will assist new technology, such as micro grids to enter the market.

2.

a. The amendments to the Energy Industry Levy did not change the calculation of the total levy payable by all energy companies operating in the Territory, but rather its distribution between firms. There is unlikely to be a significant impact on consumer's energy bills immediately as a result of the amendments made. However, the amendments made will reduce cost barriers to entry and help support increased competition within the ACT energy market. Over time, increased competition would be expected to place downwards pressure on energy bills for ACT consumers.

b. Please see response to question 2a.

3.

i. Key stakeholders were invited to provide feedback about the Energy Industry Levy within the process undertaken by CMTEDD to investigate the operation of the levy. As outlined in the Technical Report for the investigation, the ICRC had also received correspondence about the operation of the levy.

Copies of the investigation reports and submissions received are publicly available at: https://apps.treasury.act.gov.au/investigation-of-the-energy-industry-levy.

ii. No feedback has been received by CMTEDD from businesses since the amendments to the Energy Industry Levy were implemented.

Approved for circulation to the Standing Committee on Economic Development and Tourism

Signature: Andrew Barr   Date: 27.11.2017

By the Treasurer, Mr Andrew Barr MLA

Civic Square, London Circuit (GPO Box 1020) Canberra ACT 2601
T (02) 6205 0127 E committees@parliament.act.gov.au W www.parliament.act.gov.au