



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**MATTERS OF PUBLIC IMPORTANCE**

**Energy Prices**

**SPEECH**

**Thursday, 15 June 2023**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Mr TED O'BRIEN** (Fairfax) (15:22): It's been a long and tiring week for the chamber, and so I thought we might start this MPI with a bit of a game of truth and dare, if those opposite are up for that. So where would we like to start? Would we like truth or dare? It's up to Labor.

*A government member interjecting—*

**Mr TED O'BRIEN:** Truth it is! The answer to this one is yes or no. Will the Labor Party break its promise of a \$275 reduction in household power bills? Yes? No? True? False? Oh, they're silent. Nobody has actually accused the Labor Party of being very truthful, so let's go to the dare. Let's dare any member of the Labor Party to raise their hand if they will guarantee the Australian people that they will deliver on their promise of a \$275 reduction in power bills. Any takers? For the *Hansard*, let it be known that not one Labor MP is prepared to stand by—oh, we have one! We do have one; I apologise. Let the record show that. If I look at the numbers, probably less than 10 per cent of the Labor Party in this House believe that they're going to deliver on their \$275 promise.

We heard in question time a lot of questions about the decade that was. We saw the Labor government inheriting government after a decade of delivery on the part of the coalition. We also saw Labor come to office after a decade of dithering in trying to formulate an energy policy. We know that because we just have to look at the results—look at the scoreboard. Our plan to deliver cheaper power prices for households: done, tick, delivered. Our plan to deliver lower power prices for businesses: done, tick, delivered. Our plan to deliver lower prices for industry: done, tick, delivered. For those who don't know the stats on that, power prices in fact came down by eight per cent for households in the last term of the coalition government alone, and it was 10 per cent for businesses and 12 per cent for industry. What we saw from those opposite—what we've seen from Labor—in coming to office was their promise for lower power bills for households. They promised it, they tried and they failed. Lower power bills for businesses: they promised, they tried, they failed. Lower power prices for industry—yes, that's right!—they promised, they tried and they failed.

A part of the reason for this is that they had almost a decade to formulate an energy policy. But as soon as they entered office, they lost control. Within a month, Labor lost control of the energy market. Nobody is suggesting here whatsoever that energy is easy; energy is highly complicated. The war in Ukraine was raging long before last year's election. It is up to the government of the day to manage the situation domestically. The coalition understands that. Labor, though, came to office with a lot of promises. As soon as they were passed the ball they were found flatfooted. They had no idea of what to do. We almost begged them, as the new opposition, by saying, 'Please engage with industry.' But the Minister for Climate Change and Energy refused to engage with industry, believing—as Labor always does—that government knows best, that they know best and that he knows best. Instead of meeting with business, he met with climate activists. He put out media releases and propagated but he did not look for a solution. Meanwhile, the situation got worse and worse. As a result, the Australian people kept paying the price.

Industry, the market operator and the ACCC have all been saying from day one of this new Labor government that the solution is supply—supply, supply, supply. It's a pretty simple formula. For those on the government benches: price is a function of demand and supply. If you restrict supply then it drives prices up. Everybody has been saying this to the Labor government, but they are refusing to listen. We can see that their entire suite of policies are actually aimed at restricting and suffocating supply. Let's look at the three areas of energy generation in Australia at the moment which are the most prominent. Let's look at coal; let's look at our baseload power stations. Since Labor has come to office, we have seen an acceleration in announcements of closures by baseload power station owners. Why? This is directly related to Labor's policy, the 82 per cent renewable target by 2030, signalling to the market that there's no role for baseload power and that within this very decade they're going to have 82 per cent renewables. As a result, we will see 80 per cent of baseload power come out of the grid by 2035. This is a policy decision that Labor made to actually remove coal from the capacity mechanism—in other words, ensuring there's no financial incentive to keep these power stations open and, again, driving an earlier closure of

coal and of coal-fired power stations. And they're doing this, with 80 per cent leaving the grid by 2035, without any guarantee whatsoever that there's going to be a system in place. You don't turn one system off without having another system ready to go, but that is the consequence of their policies.

That's coal. Let's now look at gas. All of Australia knows—unfortunately, all of our trading partners know—that this government is trying to suffocate the supply of gas. We know, and we saw it last year, that once you have insufficient reserve margin within the system the market operator will ensure that the lights don't go out. What we saw last year was gas being used but gas being called on. When there's unprecedented market intervention, as happened last year once Labor lost control of the market, we see prices go up. And who pays for that? Consumers—it comes through retail energy bills.

What have they done to try to get more supply of gas into the market? They took that also from the capacity mechanism. They decided that the Kurri Kurri gas plant shouldn't be gas at all, that it must start with at least 30 per cent hydrogen. So Kurri Kurri has now been postponed by at least 12 months. They cut \$100 million from the budget for gas exploration and gas pipelines. They cut another \$250 million for carbon capture and storage projects. They provided \$10 million for green lawfare so that we could have green legal activists go to court to take on gas development projects. They had unprecedented intervention in the market through price caps. They introduced a mandatory code of conduct, which of course sees them steering the direction of the market. They heightened uncertainty in the market through changes to the Australian Domestic Gas Security Mechanism. They introduced a punitive carbon tax, a methane pledge, without doing any modelling and are now looking at increasing the petroleum resource rent tax. In all of this, name me one measure of the Labor government that has led to an increase in the supply of gas? All of these things are direct Labor policies, and the consequence is a restriction of supply and an increase in price.

Let's finish with renewables. Coming after the coalition delivered record investment in renewables and all the talk of those opposite, here is what we have learnt since they have come to office. The Clean Energy Council in a publication, *RenewEconomy*—hardly a right-wing publication—has revealed that construction of renewables is going well, \$1.3 billion, based on the coalition's record of closing deals. But the first quarter of 2023 did not see one new renewable energy generation project closed. Not one reached final closure. This is because of the sovereign risk that Labor has introduced. They're failing even on renewables. So the next time you open your bill, Albo owes it.