



# **The Hon Barry O'Farrell MP**

## **Premier of NSW**

### **Minister for Western Sydney**

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## **MEDIA RELEASE**

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Thursday 14 April 2011

### **PREMIER ANNOUNCES THREE POINT PLAN TO EASE POWER PRICE INCREASE**

Premier Barry O'Farrell today unveiled a three point plan to try to ease the impact of the proposed power price rises announced by the Independent Pricing and Regulatory Tribunal (IPART).

Mr O'Farrell said families and small business would be "king hit" by the price rises, estimated to add \$230 to \$316 to the average household bill.

"I was appalled the NSW Labor Party had held back the IPART report until after the March State election – to hide the price rises from consumers.

"We will do all we can to minimise the impact of these price rises on struggling NSW families," Mr O'Farrell said.

"Power prices have been allowed to spiral out of control under Labor and now we find they have given households a parting blow with another massive price hike.

"We cannot wave a magic wand and unwind the incompetence and mismanagement of the power system that has occurred over the last 16 years.

"But we have a duty to do all we can to minimise the impact of these price rises – and prevent such massive increases in the future."

Mr O'Farrell outlined his Government's three point action plan:

- Cabinet has approved the introduction of rebates of up to \$250 for low income earners to be phased in from July 1. This will be funded by the merger of three electricity distributors into two;
- An immediate review of the electricity network licence conditions to halt any over-spending which may be forcing up power prices; and
- Seek compensation from the Federal Government to offset the price rises caused by the Commonwealth's Renewable Energy Target. These were identified by IPART as the major reason for the huge increase in power prices.

Mr O'Farrell said dividends would also be capped at existing forecast levels and Boards would be required to sign off that dividends will not impact on prices.

Mr O'Farrell said he raised concerns about power costs during his meeting with the Prime Minister this morning.

"I think we all agree we need to encourage the use of alternative and renewable energy," he said.

"But we also have to ensure we do not make it impossible for working families to be able to afford a basic service like electricity.

"So we will be formally asking the Commonwealth to provide compensation to NSW families to make up for the costs of these schemes."

Mr O'Farrell said IPART would conduct public hearings into its recommended price rises before bringing down a final report in mid-June.

"It is to be hoped that the Federal Government and IPART can find ways to reduce the proposed price rises in the next two months," he said.

"NSW families have had enough of soaring power prices and, while the NSW Government can provide some assistance, we need the Federal Government and IPART to play their part too," Mr O'Farrell said.

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