

Gas Supply Amendment Bill 2008

Explanatory Notes

Introduction

The Bill provides for a requirement to be placed on retailers of reticulated natural gas to deliver community service initiatives under an agreement between the retailer and the State or, in the absence of such an agreement, as decided by the Minister.

Short Title of the Bill

The short title of the Bill is the *Gas Supply Amendment Bill 2008*.

Objectives of the Bill

The policy objective of the Bill is to provide legislation that will require gas retailers to deliver community service initiatives if retail services are provided.

The Bill will enable the Government to provide community service initiatives to reticulated natural gas customers through the gas retailers.

Policy rationale

The Government has introduced a rebate payable to eligible natural gas customers (pensioners, Seniors Card holders and certain other benefit recipients) in recognition of increases in reticulated natural gas prices following the deregulation of natural gas prices on 1 July 2007. The rebate is most efficiently delivered by the natural gas retailers. The approach to providing community service initiatives through the retailer is the same as is used to provide the Queensland Electricity Rebate to the same class of recipients.

How objectives are achieved

The Bill will prohibit a retailer from offering retail services unless the retailer enters an agreement with the State to provide agreed community

services for a minimum period of five years or, if there is no such agreement, the retailer provides community services as directed by the Minister and complies with any conditions in the Minister's decision.

Alternative method of achieving policy objectives

The method proposed is considered the most efficient method of delivering community services to reticulated natural gas consumers and mimics a provision in the *Electricity Act 1994*. Alternatives involving direct payment of rebates by Government would be administratively difficult and expensive.

Estimated cost for Government implementation

There is no cost for implementation of the provision requiring delivery of community service initiatives. Gas retailers will be paid an administration fee for the delivery of the gas rebate on behalf of the Government, amounting to approximately \$75,000 per year.

Consistency with Fundamental Legislative Principles

The amendments are consistent with Fundamental Legislative Principles.

Consultation

The Government announced the Gas Pensioner Rebate in 2007 and has had extensive discussions with gas retailers on the form of the community services to be provided. The retailers have failed to implement the rebate scheme as agreed in a timely fashion and the Government now wishes to legislate to ensure that the rebate is provided to eligible customers.

Notes on Provisions

Section 1 Short Title

Section 1 states that this Act may be cited as the *Gas Supply Amendment Act 2008*

Section 2 Commencement

Section 2 provides that this Act commences on 31 March 2008

Section 3 Act Amended

Section 3 provides for the amendment of the *Gas Supply Act 2003*

Section 4 Insertion of new s 175A

Clause (1) inserts a new provision in the *Gas Supply Act 2003* that will require that a gas retailer must not offer retail services unless the retailer has entered and complies with an agreement of at least five years with the State to provide agreed community services or, in the absence of such an agreement, the retailer provides the community services the Minister decides and complies with any conditions in the Minister's decision. A penalty of 400 penalty units is provided for if a retailer provides retail services in contravention of this requirement.

Clause (2) provides that where there is no agreement and the Minister decides the community services to be provided and any relevant conditions, the Minister will have regard to the retailer's reasonable administration costs and other risks in providing the community services decided.