

Interview with Chris Uhlmann ABC 24

CHRIS UHLMANN:

Prime Minister, what's the latest advice you have on the damage caused by this storm?

PRIME MINISTER:

Chris, first can I say that the people of North Queensland are in the prayers and thoughts of all Australians. They're experiencing a shocking cyclone, Tropical Cyclone Debbie, a Category Four downgraded to category three. But the people of Queensland are resilient and strong and we have put in place the biggest pre-deployment of the Australian Defence Force in advance of a natural disaster.

So we are working seamlessly with the Queensland emergency services. The Premier and I have been speaking, she's acknowledged the teamwork that's going on. We have Brigadier Chris Field who will be the Recovery Coordinator, Commander of Three Brigade in Townsville. So we're working very closely together to ensure the people of North Queensland are supported as they recover from this storm.

CHRIS UHLMANN:

Has there been any loss of life that you're aware of?

PRIME MINISTER:

We're aware of one fatality, a car accident caused by strong winds. But at this stage it's not possible to say how much damage has occurred. It's a very dangerous storm, a very strong storm as you know. There will be damage. But we won't be able to assess that until tomorrow.

CHRIS UHLMANN:

When you talk about the Defence Force, what kinds of things will the Defence Force do?

PRIME MINISTER:

They will provide engineers to restore infrastructure, roads. They'll provide helicopters to deliver relief. HMAS Choules will be coming up into the region, steaming up to the area where the cyclone has hit. It has the ability to provide – again -helicopter support and also landing craft that are able to get access to areas that have been cut off, whether it's in the Whitsundays or elsewhere are being cut off from communications because of the storm.

CHRIS UHLMANN:

The Brigadier that you mentioned has experience in disasters in Queensland?

PRIME MINISTER:

Yes, he has. Brigadier Field was the Chief of Operations in the recovery after the 2011 floods. So he was requested by the Queensland Premier and we're very pleased to make him available to do this job.

CHRIS UHLMANN:

Beyond what the Australian Defence Force is doing, the Government, the Commonwealth Government is also provided some emergency services personnel, experts in storm damage?

PRIME MINISTER:

Indeed, we are providing all of our services across the board. Emergency service, emergency management, Centrelink and we're also of course reaching out to insurance companies and banks, urging them to be compassionate, considerate and to support the people of North Queensland in the wake of this storm.

CHRIS UHLMANN:

That's very often the things people worry about; as they see their home being blown away around them, or see rivers of water running through it, how the insurance companies will treat their claims. The difference between storm damage, as we know, is being debated ad nauseam.

PRIME MINISTER:

That's right. That's why the Treasurer and the Assistant Treasurer have been in touch with the banking and insurance sectors today, to ensure that they understand how important it is to the Government and indeed to all Australians, that the banks and insurance companies are seen to be very supportive and responsive, compassionate, considerate, flexible in making sure that claims are met. That businesses are supported. The ATO of course will be doing the same in terms of the way it deals with its clients. So right across the board, we are bringing everything, every wing of the national Government, our Government, working with the state Government, to support the people of North Queensland.

CHRIS UHLMANN:

So what is your message to the people of North Queensland tonight, who are still living through a terrifying ordeal?

PRIME MINISTER:

Stay safe. Stay indoors. Follow the advice of the emergency authorities. Follow their advice. Don't attempt to go through floodwaters. If it's flooded, forget it. Stay safe, keep an eye out for your neighbors and your friends. Make sure above all that you follow the advice of the authorities.

All too often, as we know, people get into trouble in the wake of a storm, by getting into floodwaters, by taking risks that they shouldn't. This is a time to listen very carefully to the authorities. They have your best interests at heart. They understand the situation. Follow their advice and you'll be safe.

CHRIS UHLMANN:

Prime Minister, thank you.

[ENDS]

[Joint Press Conference with the Treasurer, The Hon. Scott Morrison MP and Minister for the Environment and Energy, The Hon. Josh Frydenberg MP](#)

PRIME MINISTER:

Today, we're here with the Treasurer and the Minister for Energy to announce a new initiative to address the problem of rising electricity prices.

Electricity prices for Australian households doubled during the six years of the Labor government. They came down, of course, with the abolition of the carbon tax following the election of the Coalition in 2013 but we are now seeing further upward pressure on electricity prices.

There have been a number of reports, notably by the Grattan Institute, which have indicated that there is excessive profit margins being made by retailers in the electricity market.

We need to get to the bottom of this. We need to get to the bottom of this in a way that protects Australian families and Australian businesses. Electricity is absolutely an essential service. All Australian families depend on it and of course all Australian jobs do too.

So, we are tasking the consumer watchdog, the ACCC to investigate this thoroughly.

As the Treasurer will describe, they have full investigative powers to request information. They and they alone can get to the bottom of this and they will do so promptly. They will report with an interim report in six months and then complete the report by 30 June next year.

This is a very important step. We have consulted with the Chief Scientist, Dr Finkel, who of course is conducting a review of energy policy in relation to

the electricity market, but this is going to address the very real problem of rising electricity prices which are putting a lot of pressure on Australian families.

We are taking action here and at every other level available to us. We have hauled in the gas producers and ensured we have a commitment that gas is available for peaking power. We are tackling the problem of planning. We are delivering on the energy storage with Snowy Hydro 2.0 and other initiatives that will ensure that we have the backup to deal with the changing and evolving energy market.

It is a vital priority for my Government. I am here with these two Ministers, the Treasurer and the Minister for Energy to say further about it, Scott.

TREASURER:

Thank you Prime Minister.

This morning I commissioned the ACCC to undertake an inquiry into retail electricity supply in this country. As the Prime Minister says, it fits into the broader strategy in action which is being undertaken by the Government, whether it the gas industry or more broadly with infrastructure issues like the Snowy Mach 2 project. The Government is working right across the spectrum, keeping the tension in the cord that is necessary to deliver more secure, more affordable, and more sustainable energy and in particular, electricity for Australian businesses and Australian households.

This inquiry will provide better information on what is actually driving electricity prices, retail prices.

The ACCC does have the powers and the skills that are necessary to go to the heart of these questions.

And we saw this worked out with the ACCC's inquiry into the east-coast gas supply. Now you know that as a result of that inquiry the Prime Minister and the Minister have been able to take very direct action which is actually forcing a change in not just the environment when it comes to how gas is going to come onto the market but I think will lead to very real actions that will give householders and businesses greater levels of certainty and security.

This is the first such inquiry that the ACCC has actually undertaken into these measures. It will prize open the books, that its job, to prize open the books of the electricity retailers.

Beyond that it will look at existing cost structures and margins. It will review these against the contracts offered to consumers and businesses.

As the Prime Minister said it will report back with an interim report in six months. It will report on the 30th of June of next year and it will inform most importantly the further action that is needed.

Thank you Prime Minister.

PRIME MINISTER:

Thank you. Josh.

MINISTER FOR THE ENVIRONMENT AND ENERGY:

Thanks Prime Minister and thanks Treasurer. Retail prices can make up to 25 per cent of the household bill and as the Prime Minister has said, there are very high profit margins enjoyed by those retailers.

In fact, the Grattan Institute points out that it could be up to three times what a comparable retailer in the UK might be earning or indeed more than double of what you'd see from other retailers in the food sector, the motor vehicle and the fuel sectors.

And we know that customers do benefit from moving suppliers to get the best possible rate. But 50 per cent of customers and households have not changed suppliers over the last five years.

We are told by the Grattan Institute, the Australian energy regulator and others, that households would save hundreds of millions of dollars if they had more information available to them in order to choose the best possible deal.

And that is what this is about, to empower consumers, to ensure that the opaque level of information that we know exists becomes a lot more transparent and with that transparency, consumers can get a better deal on their electricity bill.

PRIME MINISTER:

Thank you. Now, before we go to questions, I want to say something about Tropical Cyclone Debbie.

I spoke to the Premier of Queensland this morning and discussed the situation, updating each other with developments.

The Federal Government, including the Australian Defence Force and the Queensland Government, are working very closely together, as you would expect.

The Premier acknowledged her appreciation for the very close engagement by our Government, the Federal Government, and in particular, the ADF, who are repositioning assets already to assist in the response.

Now, the Tropical Cyclone Debbie is expected to intensify into a severe Category 4 before making landfall between Townsville and Proserpine on Tuesday morning.

Evacuation orders are already in place for parts of the Burdekin Shire Council and the Whitsunday Regional Council.

Now, for those in the path of Tropical Cyclone Debbie, please take care and

stay safe.

If you've received an official evacuation order, you and your family must leave home immediately. Seek shelter with friends or family who are inland or on higher ground. If you decide to shelter at home, make sure you are prepared, have your emergency kit ready and listen to the radio for cyclone updates. Check on your neighbours and vulnerable friends and family – help them get to an evacuation centre.

The Bureau of Meteorology is forecasting storm surges and heavy rain in coming days.

Do not drive through floodwater. Remember, if it's flooded, forget it. Stay safe.

JOURNALIST:

Prime Minister on energy, today's announcement, as you said, is preceded by your summit with the gas bosses and threatening with export controls. We've seen a Government deciding to invest for the first time in a long time in a power station, with the Snowy. Is that, are those measures plus what you're announcing today, a recognition of the market system privatisation has failed in energy over the last 20 years, and its time now for the state to intervene?

PRIME MINISTER:

I don't think you should be jumping to conclusions. The electricity market is evolving, it's changing very rapidly – it is being disrupted by technology. The generation is becoming more distributed and more variable.

Demand is also becoming more variable. Again, that is being driven in part by technology, because of so much solar, so much rooftop solar – whether it is small scale or large scale.

All of that requires a response. There are elements of the national electricity market that are plainly not working adequately. Some of them at a very technical level. You know, how are we ensuring that we get the frequency of services that we need to keep the network running? A very obvious area of neglect has been the failure to plan for the storage that is required, and the backup that is required to support variable sources of energy – wind and solar most notably.

And again that was the big failure of Jay Weatherill in South Australia – being proud of all that variable wind power, but then doing nothing to back it up except for the long extension cord to the Latrobe Valley.

At the same time, you've seen state governments, and again notably Victoria here, who at the same time as they have been allowing big baseload generators like Hazelwood to close, and pushing for very high renewable targets – in other words promoting more variability in their generation sector – they have been doing nothing on storage. And even more incredibly, they have been actually taking steps to stop the exploitation and development of gas, which

is the one fuel that is the transitional fuel that can provide the backup peaking power.

So there have been a lot of failures in the way the energy market has been, and with the way state governments in particular have responded to these changes, but we are taking the lead. We are taking action. We've got the Finkel review under way. We've got the big commitment to storage as a high priority, Snowy Hydro is the biggest but there are a lot of other projects underway as well. And, of course, now we are acting to ensure that customers are protected through the ACCC action and as Josh noted, we have brought the gas producers in and ensured they're committed to providing gas to peaking power.

JOURNALIST:

All those things you've just described costs money. So frequency control ancillary services, something that is coming naturally now with coal-fired generation will have to be paid for separately to the wind power. The storage you're talking about will have to be paid for separately to the wind power. And the fuel sources you've been talking about and gas being the transmission, a transition fuel is more expensive than coal. So no matter what you do with the ACCC, the cost to the electricity system will continue to rise, won't it?

PRIME MINISTER:

The cost of generation is a large part but generally it's in the order of 40 per cent, I think as a general percentage of the cost of your electricity bill. So a large part of your electricity bill is in transmission and distribution – poles and wires.

Now, for example, in New South Wales and Queensland, there was a very big investment in poles and wires. It's been criticised as having been 'gold plating', overinvestment in order to get the regulated return and make a profit.

In Victoria, there was less so, but nonetheless, as the Grattan Institute pointed out, the Victorian retail prices have been rising as well. And that's one of the reasons why we need to have this ACCC inquiry.

But yes, it is a changing market. But in terms of gas, you mentioned gas – the reason why gas prices are so high, is because there is more demand than there is supply and the reason there is not enough supply is because state governments, notably Victoria, have effectively put a ban on the development of very substantial gas resources in that state.

JOURNALIST:

Prime Minister you've made a series of announcements in the last couple of weeks to tackle rising power prices. You've successfully passed a child care package that will put a bit more money in people's pockets last week. And yet voters are marking you down. You're trailing in all published polls, some of them very badly. Why are Australians, do you think, marking you down?

And secondly if I may, why did your Government table an extradition treaty with China a month ago? And what's your message to the crossbench, to Labor, to the Greens who look set to disallow it on Wednesday this week?

PRIME MINISTER:

Well I'd just say the extradition treaty, of course, was entered into many years ago. It needs to be ratified. We are urging the Opposition and the crossbenchers to support the ratification. There are very considerable protections in the treaty and it is an important part of our cooperation with China on law enforcement.

I just note today a very large, yet another very large drug bust – well over \$100 million of methamphetamine which has been intercepted which had it not been for that cooperation, would have been on the streets in Australia destroying Australian lives. So that cooperation is very important.

JOURNALIST:

Prime Minister, you've said that a number of different responses are required to the energy situation that Australia faces. You're tasking the ACCC to do an inquiry [inaudible] in relation to electricity prices. Are you prepared to say at this point whether price regulation is an option?

PRIME MINISTER:

I heard the Treasurer asked about this, this morning and the inference of the question was the electricity market is not regulated – there is a lot of regulation in the electricity market already through the national electricity law, for one, and of course, other regulation affects it as well. So we are expecting to see recommendations to changes in regulation from the Finkel Review, to deal with some of the issues Chris Uhlmann raised and also to see, you'll no doubt see recommendations from this ACCC review and we will obviously take them all on board and consider them very carefully.

I note, I might say, just that Mr Shorten has today welcomed the announcement of the inquiry.

TREASURER:

He has.

PRIME MINISTER:

And he has urged us to commit now to accept every recommendation made by the ACCC. Of course he has a habit of doing this. I remember when he set up the Fair Work Commission Inquiry into penalty rates, he made a commitment to support every recommendation it made too. But then, and indeed, he kept doing it, he kept renewing that commitment.

MINISTER FOR THE ENVIRONMENT AND ENERGY:

Forgot his promise.

PRIME MINISTER:

Yes, but no matter how often he reviewed it, when it came to the crunch, he then did a backflip. You see, I don't think we can rely on his support – do you Treasurer?

TREASURER:

No I don't.

PRIME MINISTER:

No we don't think we can back that one in.

TREASURER:

Nor can the Australian people.

PRIME MINISTER:

Nor can the Australian people, he is not to be trusted.

JOURNALIST:

Prime Minister, on coal-fired power, you of course at the start of the year in the Press Club speech spoke about being open to pumped hydro and new forms of coal-fired power. Is anyone talking to the Government about investing in coal-fired power at the moment? Are you still willing to offer any sort of incentive?

PRIME MINISTER:

Josh, do you want to say something about that?

MINISTER FOR THE ENVIRONMENT AND ENERGY:

Sure. The key point is throughout the region we have seen these high efficiency, low-emission power plants come into existence in comparable countries to Australia like Japan. And the question the Prime Minister has posed and others have asked, is why can't we have similar-type technology here in Australia that provides base-load power and that utilises the abundance resources that we have. I have met with some people who are interested in investing in that sector and so has Minister Canavan. But they are a long way off from firm commitments and clearly, those discussions will continue.

But the key point that the Prime Minister has underlined is we need to be technology neutral. We can't make a single bet because that would be ruling out certain options that would be available to us. So, coal will continue to play a major role, gas will continue to play a major role and of course renewables continues to play a more important role and the Prime Minister's announcement about pumped hydro provides a level of storage that you need to ensure the 24/7 availability of the power from renewables. And the technology

is coming down rapidly in price and increasing rapidly in capacity so I am very excited about what is happening in renewables but also the thermal generation that is so important.

PRIME MINISTER:

I think part of the problem is the way in which the Labor Party and the Greens have – and they really are in a unity ticket on this, David – they have turned this whole debate into an ideological one.

It has got to be governed by economics and engineering. There is nobody of any credibility or authority in the world energy sector, from the International Energy Agency, take your pick, that will not tell you that coal is going to have a big part to play, although a diminishing part in percentage terms, in the world's energy mix for many, many decades.

The critical thing that we have got to do in Australia is to make sure for Australian consumers, businesses and households, that we keep the lights on, energy security, that people can afford to pay the electricity bill, energy affordability, and that we meet our emissions reduction targets and there are many ways to do that.

But it is this ideology from Labor and the Greens that has put so many people, so many Australians' energy security at risk.

And as you've heard us say many times before, South Australia is the classic example where you pay no attention to planning.

We are doing the planning, we have thought deeply about this, we are letting economics and engineering be our guide. We are being driven by a commitment to ensure energy security, energy affordability and meeting those emission reduction targets and all technologies have a role to play in that future energy mix.

Thank you all very much.

[ENDS]