



PortAugusta

CITY COUNCIL

Carbon price statement for residents

In July 2014 the carbon price legislation was repealed by the Australian Parliament.

The information in this statement provides a quick look at the possible impacts for your Council.

The Federal Government stated that the carbon price repeal package will:

- reduce the cost of living. The Government has produced modelling that indicates that the average household will save \$550 in 2014/15;
- lower retail electricity prices by 9% and retail gas prices by 7% in 2014/15;
- boost economic growth and enhance Australia's international competitiveness; and,
- reduce annual compliance costs for 370 liable entities by \$90 million.

What does this mean for your Council?

No Council in South Australia had to pay the carbon price directly under the former Carbon Price Mechanism (CPM).

Councils in other states, such as Brisbane City Council did get caught by the CPM and were required to calculate and collect funds to pay the price. Now that the carbon price obligation is no longer in place these Councils need to look at the funds they collected and identify returns to the community.

Councils in other states, such as Brisbane City Council did trigger the threshold. This means that Brisbane City and other interstate Councils conduct business activities providing services in water, electricity, public transport and waste and at a scale to have attracted a carbon price. This means that these Councils have a direct responsibility to calculate and collect funds to meet this obligation. Now that the carbon price obligation is no longer in place these Councils need to look at the funds they collected and identify returns to the community.

Like householders we don't know the immediate impact and it will take some time to fully understand. Future savings identified should be factored into normal Council annual business plan processes.

If Councils make savings during 2014/15 resulting from the repeal of the carbon price, then it may produce a lower than expected operating deficit or greater operating surplus than predicted and this result would be taken into account in preparing the draft annual business plan for 2015/16.

In many instances Councils will not be aware of the impact of the carbon price repeal and will not be able to account separately for the impact. In cases where Councils are made aware of the impact the information will be reflected in public consultation on the 2015/16 draft annual business plan.

Role of the ACCC

The Australian Competition and Consumer Commission (ACCC) will have new powers to take action against businesses that fail to pass on cost savings attributable to the carbon price repeal.

Businesses which supply regulated goods – electricity, natural gas, synthetic greenhouse gases (typically refrigerant gases) or synthetic greenhouse gas equipment (such as refrigerators and air-conditioners) will be required to pass on all of the cost savings, direct and indirect, that are attributable to the carbon price repeal.

In addition to its existing powers, the ACCC has new powers to:

- monitor prices in key sectors;
- take action against entities in key sectors that attempt to exploit other businesses and consumers by failing to pass on all of their cost savings from the carbon price repeal and
- take action against entities that make false or misleading claims about the effect of the carbon price repeal or carbon price scheme on the price for the supply of goods or services (false or misleading representations).

The Local Government Association of SA is working with the ACCC so that it can assist Councils in meeting the ACCC expectations, and Councils obligations.

For more information regarding the role of the ACCC please refer to their website

<http://www.accc.gov.au>

Advice from the Australian Local Government Association

The Australian Local Government Association has commissioned legal firm Norton Rose Fulbright to compile a report highlighting the implications of the carbon pricing repeal on Local Government. Link to the paper below

http://alga.asn.au/site/misc/alga/downloads/environment/ALGA_Briefing_Paper.pdf