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News release

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Power Debacle - Secret Deals Protect Big Business

Families, small business carry costs, face new price hikes

New research by leading national think-tank The Australia Institute shows that householders and small business will bear the brunt of electricity deregulation in Victoria.

But Victoria's biggest electricity users will get off scot-free after securing special exemptions from the effects of national competition policy.

Institute Director Dr Clive Hamilton said today that a paper by Institute research fellow Hal Turton, *Big Electricity Users Exempted From Competition*, showed that the beneficiaries of government hand-outs are the state's two aluminium smelters which account for more than 20 per cent of electricity use in Victoria.

"National competition policy is being applied unfairly and unequally," Dr Hamilton said.

"The smelters have been granted immunity from price rises. The costs that otherwise would have been met by them will be passed on instead to the Victorian consumer.

"If big business paid its way, government subsidies like the \$118 million committed recently by the Bracks Government to keep charges down in rural and outer suburban areas would not be necessary."

Mr Turton's paper says the smelters at Portland and Point Henry are quarantined from the effects of competition in the electricity market as a result of special exemptions written into the National Electricity Code after intensive lobbying.

"From 13 January 2002, all domestic and small business customers across Victoria will have to face the risks of the deregulated electricity market while the aluminium smelters will remain immune from these risks," the paper says.

"When electricity prices rise, the SECV cannot pass them on to the smelters. As a result all other Victorian customers must cover all of the price rises.

"Since the smelters account for around 22 per cent of electricity use in Victoria, this is a significant impost on other consumers."

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