



Speech by

Hon. ANNA BLIGH

MEMBER FOR SOUTH BRISBANE

Hansard Thursday, 2 November 2006

MINISTERIAL STATEMENT

Energex

Hon. AM BLIGH (South Brisbane—ALP) (Deputy Premier, Treasurer and Minister for Infrastructure) (9.49 am): As members would be aware, the Energy Assets (Restructuring and Disposal) Act 2006 commenced on 13 October 2006 and will allow the government to make a structured and responsible exit from the gas and electricity retail operations. The legislation provides a degree of flexibility to the government by facilitating the packaging of the gas and electricity retail operations into a number of discrete businesses.

Yesterday, Wednesday, 1 November, marked an important milestone in the government's proposed sale of its energy assets, as the retail operations of Energex are split into two groups to prepare for the sale process. The split of the retail operations of Energex is part of the government's approach to ensuring a smooth and efficient sale process, as it will allow the energy assets to be sold in a way which delivers the greatest value to the state and ensures ongoing competition in the electricity retail sector following the sales.

For this split, the electricity accounts of 390,000 customers located in the northern suburbs of Brisbane, the Sunshine Coast and Gympie will be transferred to Powerdirect Australia Pty Ltd, an energy retail company that is also owned by the Queensland government under the Ergon Energy group. The remaining 810,000 customers will remain with Energex in Sun Retail Pty Ltd.

It is important to note that while this important change is taking effect, there will be no significant change for electricity customers. I advise honourable members that the only change is that customers may notice some minor technical wording changes to their bills from 1 November, which have been made to appropriately reflect the new structural arrangements.

A letter explaining the account transfer to Powerdirect Australia will be sent to the 390,000 account holders in the northern Energex region from 1 November. Energex will continue to provide billing services, as well as services for new connections, metering inquiries and account transfers when a customer moves house. The sale of the retail operations will take place in two stages over the next few months, with customers in the south of the Energex area being affected by the first stage. The second stage is planned to take place early next year.

Following the government's announcement in April that it would sell its higher risk or non-strategic energy assets, the first major milestone was reached with the sale of the Allgas distribution network for a purchase price of \$535 million to Australian Pipeline Trust. This sale will be the first down payment into the Queensland Future Growth Fund, which will lock in the state's future economic growth and environmental sustainability.

Overall, including the retail sales process, the government sale process is expected to deliver in total more than \$1 billion to the Queensland government. The sale proceeds will be reinvested in commercial infrastructure projects that will not only replace the dividend revenue stream Queensland will lose after the sale but also directly contribute to the state's economic growth.

The recent resignation of Mr Andrew Kremor from Energex Ltd has had no effect on the sales process. On 26 October 2006, Mr Neville Bradford was appointed as acting chief executive officer, and Energex is now advertising nationally to fill this role permanently. The sale process for the government's energy assets is on schedule and is set to deliver substantial benefits for the people of Queensland for years to come.