



Speech by

**Shane Knuth**

**MEMBER FOR CHARTERS TOWERS**

Hansard Thursday, 12 October 2006

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## **ENERGY ASSETS (RESTRUCTURING AND DISPOSAL) BILL**

**Mr KNUTH** (Charters Towers—NPA) (12.35 pm): The Energy Assets (Restructuring and Disposal) Bill 2006, introduced by the Treasurer, deals with emerging issues within the Energy portfolio. It gives me great pleasure to address this bill as I rise for the first time as shadow minister for the Energy portfolio.

The energy industry restructuring process has been a complex and staged process that has previously involved the separation of the electricity generation transmission and distribution components of the industry from the government owned monopolies that previously ran the whole system. The point of this process is for the government to prepare the energy distribution components of the industry for privatisation and ultimate sale. The bill will allow for the preparation of the packaging process to occur within a time frame that is intended or supposed to achieve the maximum financial return for the state.

In expressing concern on a number of issues associated with the privatisation of Queensland's electricity retail supply industry, I am very keen to seek the Treasurer's assurances on a number of matters, especially those involving ordinary electricity consumers in rural and regional electorates such as mine. For the most part, they will be among the 600,000 or so consumers not serviced by the new privatised energy entities that will operate in the full retail competition market after 1 July 2007. The government has recognised that some parts of the retail energy market are simply never going to be profitable enough to be attractive or viable for private sector operators.

From the briefing on the bill provided by Treasury, my understanding is that there will remain approximately 600,000 retail energy consumers who are mostly current Ergon customers whose retail energy needs will continue to be met by an energy entity that is a government owned corporation. By necessity, this GOC will need to be funded as part of the government's community service obligation. It will not be in the position to deliver a profit to the government for reinvestment in its infrastructure base.

I respectfully ask the Treasurer, in her summing-up on the debate of the bill, to outline for the House how she will ensure that those 600,000 electricity consumers who will need to depend on the government's own electricity entity will be adequately provided for. This is a major issue for constituents in my electorate of Charters Towers and, I am sure, for many others in remote parts of the state. In raising this issue I convey to the Treasurer in the strongest and most sincere terms that I am not overdramatising or exaggerating the importance of this matter to people in rural, regional and remote parts of the state. There is a world of difference between the profitable electricity market of the south-east corner of the state which, through this bill, is being groomed for privatisation and the market provided by my constituents.

For the benefit of this House, I would like to inform members firsthand of some of the harsh and expensive realities involved in being connected to an electricity supply in rural and regional Queensland. I shall share the experience of one of my constituents who resides on a property in Hidden Valley. This constituent received a letter from Ergon Energy dated 29 September 2006 thanking him for his request for Ergon Energy's network connection service to provide an electricity supply to his premises. The letter includes a quotation for this connection service, which requires a customer contribution of \$225,000. That is not an amount one would expect to pay when moving house somewhere in south-east Queensland.

However, the quotation does include an Ergon Energy contribution of a lousy \$11,000. Through my constituents—

**Ms Nolan:** Who should subsidise it then?

**Mr KNUTH:** I am talking about a husband and wife who are wanting to provide power for their son and daughter whose home is 730 metres away. This is a contribution that they want to make to their family and they are told that they have to pay \$225,000. If this situation were occurring in the south-east corner, in the heart of Brisbane, the story would be on *60 Minutes* or *A Current Affair*. This is what we are putting up with week in and week out. These are the issues that we face.

**Ms Nolan** interjected.

**Mr KNUTH:** Who pays for the rail transport in Brisbane? That is subsidised, is it not? This is a service obligation. I wanted to bring this situation to the attention of the House. Should this constituent have to pay \$220,000 to have his power connected so that his son can have electricity?

It is not considered to be a part of Ergon Energy's community service obligation to ensure the provision of a basic, reliable electricity supply to retail customers in remote areas. We are all Queenslanders. We may live in rural Queensland, central Queensland, southern Queensland or Brisbane but we are all Queenslanders. The situation for retail customers in the non-profitable parts of the Queensland market is not good at present. On behalf of my constituents I seek an assurance from the Treasurer that the situation will not get worse after privatisation. We are hoping that it will actually improve after the introduction of full retail competition on 1 July 2007. If the minister cannot give this assurance then the parts of Queensland which non-metropolitan members like me represent are going to miss out on the future benefits which have been promised under the electricity industry reform process.

My constituent's case highlights the issues which make retail electricity connections in the bush so expensive. The transmission and distribution of power over long distances is expensive because the units of power diminish over long distances. Power is cheaper the closer it is delivered to the source of generation. The proximity of the power generation source to the retail consumer affects the end cost to the consumer.

An electricity generating facility such as the coal-fired baseload power station at Pentland would have a significant positive effect on the retail price of electricity for consumers in north Queensland. Such a project has the support of the Western Development Corporation, communities in north Queensland and mining companies attempting to invest in these regions but which cannot until there is a guaranteed reliable power source. This project would bring great benefits to the people of north Queensland through the creation of jobs, new industries and cheaper power. New initiatives like the Pentland baseload power station must be given proper consideration by the government as a means of reducing electricity supply costs to rural consumers and meeting consumer demand.

Over the years there have been many detailed plans and projects to restructure the electricity industry. A power station at Pentland does not yet appear to be part of the government's plan. We must seriously consider the possibility of a new, innovative solution to regional Queensland's energy supply issues.

In rural and regional areas we have the problem of getting a reliable power source. The power generated in Gladstone is very costly. We have companies that are looking to invest and trying to invest in rural and regional areas but will not because there is not a reliable energy source. Pentland is a suitable site. It is a rural area. No metropolitan areas will be affected. It has a reliable water supply. It also has a railway that goes past. At Pentland there is a massive coal resource ready to be utilised. It is not wonderful quality coal, but it is as good as the coal we have at Collinsville which has been used for generating power for more than 45 years. I bring to the attention of the House the importance of that site and the suitability of that site to meet the needs of consumers in rural and regional areas. It will be a worthwhile investment for the state in terms of creating jobs.

Another issue that relates to the whole energy industry restructuring process is the welfare and security of employees of the various energy entities which are being restructured. I worked for Queensland Rail for 20 years. This would be of deep concern to the workers. I understand about sick days, long service leave and superannuation. I was in rail super. I understand those issue. These matters would be of deep concern to those employees who are to be moved from a government owned organisation to a private company. It is very important that we protect the conditions of those workers, that is, their superannuation and long service leave entitlements.

**Mr Lawlor** interjected.

**Mr KNUTH:** The member would have to understand where I am coming from in terms of this issue. It would be of concern to the Ergon workers who are going to work for a big private company. We want to ensure that they have the same superannuation, long service leave and sick leave entitlements. This is very important. Two or three years down the track those opposite will be fighting alongside me to ensure that the conditions of those workers continue.

**Mr Lawlor** interjected.

**Mr KNUTH:** The member will be backing me, so that is good.

**Mr Lawlor:** You are not backing us.

**Mr KNUTH:** Do those opposite remember where I sat when the vote was taken? Did they see the papers? I am sure that they will be with me, backing these employees when their workplace agreements come to fruition in a couple of years time. I bring that to the attention of House.