




Speech by
Curtis Pitt

MEMBER FOR MULGRAVE

Hansard Wednesday, 31 October 2012

**APPROPRIATION (PARLIAMENT) BILL AND APPROPRIATION BILL:
STATE DEVELOPMENT, INFRASTRUCTURE AND INDUSTRY
COMMITTEE**

 **Mr PITT** (Mulgrave—ALP) (5.20 pm): Firstly, I thank the committee chair, the member for Mirani, for allowing me the opportunity to ask questions during the estimates hearing. I bring to the attention of the House a number of concerns that the opposition has regarding the appropriation for and management of the Energy and Water Supply portfolio. The opposition holds concerns that the Newman government is planning to privatise electricity assets in the future. Under questioning, the minister was unable to give assurances that the government would not seek a mandate from the people of Queensland for the sale of electricity assets. Despite the minister referring to long-term planning in the sector—30 years—he seemed not to have given any thought to the issue of privatisation or was unwilling to share his thoughts with the committee.

It certainly appears that Ergon Energy and Energex are being prepared for a potential sale. Only eight days after the estimates hearing took place, a decision by Ergon Energy to cut 500 jobs was announced in the media. During the hearing, I asked the CEO of Ergon Energy how many jobs would be lost at the company. That question was taken on notice as the information was not readily available. We are yet to receive a response. Common sense tells you that the idea to sack 500 workers did not simply pop into the heads of the board and executives of Ergon Energy only the day after the estimates hearing or that the plans were finalised within the one-week period between the estimates hearing and the media announcement. In light of the information that has been made public since the hearing, the answer given on the day was very disappointing. We now have to question whether similar job losses have been planned at Powerlink and Energex.

During the hearing, I asked the minister a series of questions about his review of the bulk water price path in South-East Queensland. On 13 April the minister announced that the government would conduct an immediate review of the bulk water price path and committed to take options for a new price path back to cabinet for decision by the end of May. In his answers to questions, the minister confirmed that this deadline had not been met. We now know that the review has been referred to an interdepartmental committee.

The minister's answer to non-government question on notice 15 confirmed that a review of sorts had been undertaken. However, its outcome was not a new bulk water price path, but rather a determination that the government's election promise of an \$80 water rebate would need to be funded from consolidated revenue, instead of through other savings as promised. The actual review of bulk water prices will not be completed until early 2013, which is much later than the minister's initial intention to report back to cabinet by the end of May. The minister has raised community expectations and has been unable to meet them.

I also asked about a statement in the regional budget statements that residents across the state would enjoy water savings whenever they 'turn on their taps'. After being asked specifically whether

residents in every region would receive savings on their water bills as indicated in the regional budget statements, the minister refused to comment on the documents and could not confirm that the promised savings would eventuate. That this was a typographical error would have sufficed.

It was also revealed that the LNP's election policy to repay water grid assets over a 40-year price path rather than the current 20 years will, in effect, double the level of peak debt incurred. The Costello Commission of Audit states that the peak debt under the current repayment path will be \$3.1 billion in 2016-17. However, the minister's answer to non-government question on notice No. 14 revealed that the change to a 40-year repayment path would effectively double the level of debt, with the peak of \$6.8 billion occurring in 2029-30. The LNP election commitment was to adopt a 40-year price path. This policy has now been shown to be poorly thought out, ineffective and one that will actually increase the cost of water for Queenslanders.

The modelling for the cost of the LNP's election commitment to save every household \$120 on their electricity bill was revealed to be simplistic and calculated based on publicly available information. The minister has yet to provide a satisfactory explanation of the amount required to ensure every household saves \$120. The allocation of \$63 million suggests that slightly more than 500,000 households would be able to share a \$120 saving. The fact that there are more than 1.83 million households on tariff 11 suggests that there will be a considerable shortfall in funding and that not every household will receive a \$120 saving.

I place on record these concerns and I hope that the minister can address some of the issues the opposition has raised. I ask him for assurances that there will be no future privatisations or job losses in the energy sector and to guarantee that the LNP will not double the water grid debt and impose higher water prices on households.