



Speech By  
**Hon. Curtis Pitt**


**MEMBER FOR MULGRAVE**

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Record of Proceedings, 28 October 2015

**MOTION**

**Electricity Prices, Order for the Production of Documents**

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships) (6.05 pm): I move the following amendment—

That all words after 'energy' be deleted and the following words inserted:

'to produce to the House in December 2015 at the Mid Year Fiscal and Economic Review an analysis of any anticipated impacts of the state government's policy to aggregate electricity corporations in Queensland.'

Tonight's motion is particularly galling, given the LNP's track record when it comes to both electricity prices and the future of our energy business. Let us be really clear on two counts: the LNP promised to reduce electricity prices for consumers in Queensland by \$120 per year prior to the 2012 election and in government they presided over a 43 per cent increase in electricity prices. That is one of the key reasons they are no longer in government. The LNP then made asset sales the centrepiece of their 2015 election campaign. They proposed to sell the very electricity corporations we are now talking about. Suddenly they are greatly concerned about our government businesses, what happens with them and how they are operating. However, they wanted to sell them to the highest bidder and we know that would have been to profit at the expense of electricity users.

More than eight months ago, I requested that the member for Southern Downs table the modelling associated with the asset sales; modelling that cost Queensland taxpayers over \$43.6 million to produce. Despite the member for Southern Downs telling the *Courier-Mail* that the member for Clayfield would provide that modelling to the House in due course, eight months later we are still waiting. Of course, we have not sought to take the cheap political route and compel the opposition to do that via a motion of the House. They made the statement that they would do it, they have not done it and I think that speaks for itself.

On this side of the House we have respect for the Westminster system and the cabinet process. As those opposite know, the government has provided several updates to the House in relation to the energy mergers and the process. At budget time, I advised that work was ongoing in relation to the most appropriate merger model. I advised that with these income-generating assets remaining in public hands, we have an obligation to ensure that they are operating as efficiently and effectively as possible.

In framing our Debt Action Plan we gave consideration to the revised outlook for the capital requirements of the energy businesses, the benefits of the forthcoming merger and the independent advice we received regarding the capacity to move our energy businesses towards more commercial gearing levels. At estimates, I advised the House that Treasury had confirmed from their preliminary desktop work that \$150 million a year in savings was absolutely achievable. This remains the case and

it concerns me that the member for Glass House was attacking the energy minister for apparently not agreeing with the ACCC, when what those opposite did was to question Treasury's advice that that \$150 million was achievable. That is exactly what they have done. Again, they are putting a blight on Queensland Treasury.

These savings will be achieved through back-of-house efficiencies including maximising administration, and technical and corporate efficiencies in areas such as boards, legal services, human resources and ICT. I advised the estimates hearing that Treasury is still undertaking the detailed examination of the merger process and that this modelling would be concluded prior to the MYEFR. This remains the case. At estimates, I stated—

... it is very difficult to provide any specific figures or additional modelling until we have settled on which entities will be merged with others.

...

... the combination of those businesses is very important.

We do not intend to release pre-emptively any of that modelling until we have some certainty about which entities may be merged with others. That also goes to the heart of not releasing too much of that work ahead of time which could cause some undue concern to people within the workforces of those businesses, not because of any forced redundancies, because we have been very clear about our position on that, but to ensure that there is no suggestion that entity A will be merging with entity B when in fact that may not be what eventuates. It is very important that we do this process in a measured and sound way. That is the work that Treasury is undertaking. As we indicated on budget day and also in answer to your question on notice, we will be providing an update at the midyear review. At that time we will be able to outline very clearly what the anticipated savings will be on an annual basis through the merger process.

Clearly, the ACCC has expressed concerns about competition in relation to the generation businesses and this emphasises the importance of undertaking due diligence as part of the merger process. I am amazed that those opposite seem surprised that the ACCC had concerns about a potential merger of gencos given that they were on the record saying so. If those opposite had bothered to read our election commitment they would also know that it said very clearly 'subject to consultation with the ACCC'. If they want to split hairs they should read the documents before attacking them.

Unlike the LNP, we are engaging with both employer and employee stakeholders to ensure they have been fully consulted on the merger activities. We fought hard to retain these in public hands. We want them to run more effectively and efficiently and to work harder for Queenslanders. That is exactly what we will achieve.