




Speech By  
**Rob Molhoek**

**MEMBER FOR SOUTHPORT**

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Record of Proceedings, 15 June 2016

**ELECTRICITY AND OTHER LEGISLATION AMENDMENT BILL**

 **Mr MOLHOEK** (Southport—LNP) (4.32 pm): I rise to speak to the legislation before the House and the proposed merger. At the outset I say that we will be opposing this bill in its entirety, because we have grave concerns about the capacity and the capability of the government to handle this merger well. I remind the House about the previous Labor government and the magnificent job it did with the merger of water entities across South-East Queensland. What wonderful efficiencies we saw from that! We saw an extra \$6 billion to \$8 billion of debt racked up, councils in disarray and new water services providers having to be wound up and restructured. We saw so many efficiencies through that!

My concern in respect of this merger is that I do not think there has been enough scrutiny. I refer to the timetable for the public briefing and hearing program we undertook. We had a submission from Queensland Treasury. Officers from the Department of Aboriginal and Torres Strait Islander Partnerships were there and they answered a number of questions in respect of the proposed changes to the board. We had a very brief submission from the Local Government Association in respect of the restructuring of the Aboriginal and Torres Strait Islanders board. Then we heard from the ETU and then again from Queensland Treasury and the Department of Aboriginal and Torres Strait Islander Partnerships.

I will come back to the submission from the ETU and some of the other matters that were discussed. Firstly, I note that there is one amendment proposed by the minister. It is that at least one member of the board be a community representative. It goes on to provide a definition. It states—

**community representative** means a person who the Minister considers represents the interests of the communities in which Community Enterprise Queensland performs its functions.

The concern that the member for Whitsunday and the other LNP members of the committee held was that the proposed new board was not going to be truly representative of those communities it serviced, particularly in Far North Queensland, up in the cape and in the gulf. There was a lot of debate and discussion around the need for two community representatives and for those people to live in those communities, to be people who are serviced by those stores and those services in these communities. What did we get back from the minister? We got a very nebulous, half-hearted response to what we heard from the member for Whitsunday, who had been out speaking to some of these communities in Far North Queensland and in Aboriginal and Torres Strait Islander communities—that is, we really need to have two members and the sort of community representation needs to be clear. It is very clear: the minister can decide who he thinks represents the interests. That could be someone from Brisbane. It could be a Labor mate who gets appointed to the board. Who would know? I do not believe that the proposed amendment truly reflects the desire of the Islanders Board of Industry and Service or that of the communities the member for Whitsunday spoke with as a part of this review.

The member for Kallangur said that not a lot of submissions were received. The time frame for submissions was fairly brief. As I stand before the House, I am concerned that we did not actively seek

more submissions from across the state, given that this is such a significant merger. This is a \$25 billion entity that is to be created, yet the only people we heard from were Queensland Treasury and the Electrical Trades Union. I think that is a travesty.

I draw the attention of the House to the submission received from the ETU. They gave a bit of a summary. They said—

The merger is part of the Government's broader plan to make the electricity businesses more efficient and reduce debt, while retaining public ownership of the State's electricity assets, and we would like to take this opportunity to once again state our unwavering support for continued public ownership of Queensland's energy assets and congratulate the Government for its commitment in this regard.

I am not sure if they are a bit naive or if they need to be reminded, but it is not that long ago that a Labor government that went to the electorate saying they would never sell off assets quite conveniently sold off Queensland Rail and sold off our forests. They misled Queensland. I think the ETU are being somewhat naive in their resounding support of and trust in the government.

In the three years we were in government I travelled across the state. I attended community cabinet meetings across the state. I ran the gauntlet of the ETU people standing out the front. On one occasion I had the pleasure of having people bang on the windows of my car as I drove through, which, I have to say, made me feel a little bit uncomfortable. These people were there saying, 'No job losses. No sackings. We're standing up for the workers of Queensland. We don't want to see any redundancies.' They had a lot to say about that, yet in their submission to the committee they say—

... we applaud the Government's commitment to no forced redundancies through the merger ...

I am not sure what the difference is, but a redundancy is a redundancy. A job loss is a job loss. What we have heard in this House this week in the delivery of the new budget is that the new budget is all about jobs. This bill is all about getting rid of jobs, because in the report from Queensland Treasury we read that it anticipates that there will be at least 366 redundancies. In the public hearing I asked representatives of the ETU many questions—and I have to say they got pretty agitated and I thank our chair for his protection; there were some fairly raised voices, which is what we would expect from these bullyboy ETU people—but they could not answer the questions. The question I asked of the ETU was whether it was happy for those redundancies given that in its earlier submission it talked about the need to deal with inefficiencies and duplication. Here is the answer from Mr Traill—

We have not been given any indication of specific redundancy numbers that will occur out of the merger. Obviously there is significant duplication across both Ergon and Energex. Whether it is safety departments, industrial relations, boards of directors, CEOs or executive managers, there is significant duplication. Workplace practices is something that our members consistently find a hindrance ... There will be some removal of duplication, but that will be through a voluntary redundancy process, and we do support ...

Those are the ETU's words. On the one hand we have a union picketing community cabinet meetings across the state fighting against mergers and fighting against asset sales, allegedly standing up for the jobs of Queensland workers, and now on the other hand it is quite happy to support what Treasury says will probably be about 366 job losses. Is it not ironic that during the week when we have heard a budget being delivered that talks all about job creation in Queensland we stand in this House today being asked to support a bill which is about more job losses in Queensland? It is a shame.

I want to speak to some of the detail in the bill, although I am conscious of time. This is not new news to the House. In March of this year the Treasurer stood in the House and tabled his Mid Year Fiscal and Economic Review. Here is what the Treasurer of Queensland had to say—

A new energy services business will be formed combining the competitive elements from Energex and Ergon Energy to offer a broad range of new products and services, particularly in regional areas. These products and services could include solar panels, battery storage, energy management systems, smart meters and demand management services that will respond to consumer needs and innovations in energy technology. This business will be based in Townsville which could help create new jobs while delivering solutions for all Queensland.

I welcome any initiative that is going to create new jobs but, as we heard from the shadow minister earlier, not at the expense of mum-and-dad businesses across regional Queensland. I want to read the submission from the Master Electricians of Australia Queensland branch, which expressed concern.

**Mr King:** That's a union.

**Mr MOLHOEK:** No, it is a group of people in the community just like the unions that have the right to have a say and it has a right to be heard in this House. I take exception to the member for Kallangur's suggestion that Master Electricians Australia is just a union for the LNP. Here is what it had to say—

Master Electricians Australia is concerned about provisions of the bill that will establish a new energy services subsidiary as part of plans to merge Energex and Ergon Energy.

**Mr KING:** I rise to a point of order. I was misquoted then by the member for Southport. I take offence and I ask that he withdraw that comment.

**Mr MOLHOEK:** I withdraw. I go back to the submission from Master Electricians. It says—

The subsidiary's focus on unregulated work—namely, solar PV, batteries and energy efficiency solutions—will place it in direct competition with local electrical contracting businesses across the state.

That in itself is a concern, but I think it is somewhat hypocritical that the same government that came to this House and re-regulated the installation of water meters so that only qualified tradespeople were allowed to do that is now wanting to encourage unregulated work in the solar energy space. What a disaster we have seen in the past with unqualified people climbing around in roofs with the pink batts or the yellow batts disaster. Look at the challenges we saw out of the federal Labor government under Rudd.

**Mr McArdle:** A Rudd speciality!

**Mr MOLHOEK:** It was a Rudd speciality; I take the interjection from the member for Caloundra. Here we have a government that is happy to on the one hand say that we have to have qualified people undertaking work and now as a consequence of this proposed merger there is a suggestion that it will support unregulated work. It goes on to say—

Of further concern is the conflict of interest for such an entity being involved in the sale of solar PV and energy efficient solutions given that Ergon and Energex have the sole power to approve solar applications and set the meter charges. Clause 3 of the National Competition Principles Agreement, CPA, states that 'Government businesses should not enjoy any net competitive advantage simply as a result of their public sector ownership.'

**Mr Power** interjected.

**Mr MOLHOEK:** It is highly relevant because what is being proposed here is the supermerger of two entities, the sacking of some 300 or 400 employees across the state and then putting at risk the financial viability of small business operators in regional Queensland.

**Mr Bailey:** That's nonsense.

**Mr MOLHOEK:** Minister, are you denying the fact that there will be redundancies?

**Madam DEPUTY SPEAKER** (Ms Linard): Order! Member for Southport, I ask you to direct your comments through the chair.

**Mr MOLHOEK:** Sorry, Madam Deputy Speaker. With regard to the committee report, I want to draw the House's attention to the statement of reservation that the opposition submitted. I want to read it because I want to ensure that it is included in the *Hansard* record. It states—

The Opposition Members of the Committee acknowledge that the merger of Energex and Ergon was an election commitment by the Palaszczuk ... Government.

We get that. That was an announcement it made. The statement of reservation continues—

There have been serious concerns raised about the proposed legislation particularly in relation to last December's announcement by the Treasurer of the proposed merger and establishment of a new energy services subsidiary business.

Opposition members of the Committee are disappointed that the establishment of an electrical services retail business, mentioned both in the explanatory notes and the Treasurer's first reading speech, has been quarantined from Parliamentary scrutiny by the Government.

...

It should also be noted that there are concerning statements made in the Energex response to the Queensland Productivity Commission Issues Paper from 16 November 2015. The response notes the potential risks involved in this structural reform and Opposition Members are disappointed that Energex did not appear before the Committee so these statements could be better understood.

...

The non-Government Members were concerned about the low number of submissions—  
and I touched on this before—

received and were disappointed that the Committee did not travel to North and Regional Queensland to conduct public hearings where the impacts of this legislation will be felt the hardest.

Given that the merger involves one of the biggest power entities in North Queensland, I think it is an absolute disgrace that we did not make the effort to go and hear from the people of Townsville and Cairns and some of the northern regions. I note that the member for Kallangur said earlier that we do not want to waste money and because we did not have a lot of submissions we did not want to waste taxpayers' money. Yet here we have a \$25 billion merger being proposed by a government whose track record in mergers is a little bit woeful. It has been woeful and the foreshadowed savings that we read about in the Treasurer's midyear statement and the further confirmation by Queensland Treasury are a concern given that those opposite are only foreshadowing savings of about \$500 million over many years. Given the government's track record, I am very dubious as to whether we will see savings or whether we will just see more blowouts.

The statement of reservation states further—

During the Public Hearing and Briefing Queensland Treasury was unable to adequately address questions raised by non-government members of the committee in respect of those savings foreshadowed by the Treasurer in his Mid Year Fiscal and Economic Review of 2015-16. Treasury's subsequent answer to the Opposition's Questions Taken on Notice identified a possible 366 redundancies.

I want to state that again, '366 redundancies'—in a week when the government has delivered a budget that allegedly delivers more jobs. The statement of reservations also notes that Queensland Treasury could not adequately answer our concerns about the impact of the energy services business and other unregulated activities and states further—

But in their own words, the final direction and business model for the energy services business is still to be finalised.

Here we are today voting on a \$25 billion merger, yet the details are still to be finalised. That is cold comfort for the electricity workers and Master Electricians across Queensland.

**Mr Dickson:** It sounds like the Health payroll debacle.

**Mr MOLHOEK:** I take that interjection from the member for Buderim. There is absolutely the potential for another debacle of that nature ahead of us. The opposition's dissenting report states further—

Also during the Public Briefing and Hearing representatives of the ETU were unable to adequately explain the basis for their applause for the governments planned merger and planned redundancies.

I never thought I would see the day when a union controlling a Labor government would applaud sacking people. That is what they said in their submission—'we applaud the government's commitment' to this. The dissenting report of the opposition states further—

Clearly the ETU were well aware there would be redundancies, they clearly support these proposed redundancies in spite of not being able to quantify or explain how many and or where these redundancies were planned.

Neither were they prepared to disclose what discussions or deals they had traded with the Government in exchange for their support for the sacking of potentially hundreds of Regional and South East Queensland electricity workers.

Frankly the response and reaction of ETU representatives can only be described as un-parliamentary and hypocritical given their past rigorous anti-government campaigns across Queensland.

With the behaviour of union representatives out the front, I did not feel comfortable attending some of those community cabinet meetings. Frankly, the behaviour within the public hearing was anything but appropriate. I acknowledge the protection of the member for Kallangur, who sought to mediate through some fairly hostile discussion. I thought it was an absolute shame that three ETU representatives could not speak civilly in a public hearing.

I restate that we will not be supporting this bill. We are not happy with the amendment proposed by the minister in respect of the board structure for IBIS, nor do we have confidence that this government can handle that merger well. Based on the government's track record with the sale of assets in Queensland, we do not trust them.