




Speech By
Michael Hart

MEMBER FOR BURLEIGH

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**APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL; REVENUE
LEGISLATION AMENDMENT BILL**

 **Mr HART** (Burleigh—LNP) (5.37 pm): What a dud this budget is. It is a dud. The Premier told us that there would be a jobs bonanza in this budget, yet unemployment is to remain at six per cent, with 80,000 fewer jobs. What a dud. Debt is increasing by \$8.2 billion and will be over \$81 billion in 2020-21. For the first time in history, it will be over \$80 billion. That is \$15,795 for every man, woman and child in Queensland. I repeat: it is \$15,795 for every man, woman and child in Queensland in 2020. Employee expenses are \$5.7 billion higher than in last year's budget.

Mrs Smith: Say that again.

Mr HART: They are \$5.7 billion higher than last year's budget. The government failed to deliver \$1.7 billion of infrastructure they promised in last year's budget, and they have been using the government owned generators to gouge customers, businesses and industry to fill up the hollow log and use this budget to pork-barrel Labor seats at risk. The budget is a dud, and I will have more to say about electricity shortly.

While this budget is a dud for Queensland, there is not much in it for my seat of Burleigh either. We have \$4.4 million for Caningeraba State School to commence construction of new classrooms, which the principal, Ray McConnell, is urgently in need of so he is very happy to have that funding. There is \$1.3 million for capital works at the Tallebudgera recreation centre. I do not know what they are doing there, but there is \$1.3 million for capital works at the Tallebudgera recreation centre. There is \$18.6 million for the start of the motorway widening from Mudgeeraba to Varsity Lakes. Madam Deputy Speaker Barton, you live on the Gold Coast and you know what it is like down the southern end of the coast. We need these roads fixed urgently, but this is only \$18 million of the \$180 million that is needed to fix this road. In fact, all that will do is move the problem further south. The Labor government does not care what happens at the southern end of the Gold Coast. They do not have any members down there and they never will.

Mrs Stuckey: They used to.

Mr HART: I take that interjection from the member for Currumbin. They did used to have members down there, but they were so poor at taking care of the Gold Coast that they lost them. There is no money for stage 3 of the Gold Coast Light Rail. Stage 3 will bring the light rail to my electorate of Burleigh, which is something that we really need. We have to give consideration to that funding and we need to get on with it.

I move to the portfolio of energy, biofuels and water supply. Labor's budget shows, yet again, that it is utterly unfit to run energy, biofuels and water supply on behalf of Queensland. It is hard to believe that they dare to put their incompetence for office on such naked display in this place and to the people of the state. The government has a long list of failings in energy. Labor's policies have driven prices higher for Queensland households and business. The measures they have announced through the budget provide some short-term gain, but a great deal of long-term pain for the people of this state.

Labor has been gouging huge sums of money out of Queenslanders. This budget shows that they intend to keep gouging, while trying unsuccessfully to hide their behaviour. They are doing all of this, rather than addressing the fundamental causes of rising power prices.

Further, Labor intends to keep pumping public money into unnecessary projects to support private investors. If those projects made sense, the private investors would not be hanging around the office door of the member for Yeerongpilly, looking for handouts. They would be getting on with their projects independently. Old habits die hard and Labor is back to the worst of its old habits. Twenty years ago the electricity market was established so that governments would stop interfering in investment and operational decisions. The purpose was to deliver to Queensland low cost, secure and reliable energy supplies through private investment, removing the risk to the state's financial position. However, Labor does not understand business and the markets. This government is intervening clumsily in the electricity market and everything it is doing will deter sound private investment in Queensland into the future.

Before I run through the main examples of Labor's economic recklessness in electricity, I will quote from my budget speech in 2015, because it was quite predictive. I spoke about the government moving debt from the general government sector to the energy GOCs. I said—

If the state government is going to save \$600 million in interest payments by shifting this debt from the government sector to the public non-financial corporations sector, somebody is going to have to pay that interest. If our energy companies are going to have to pay that interest, where are they going to get that money? The government has already said that it will not be cutting back on staff levels and it will not be cutting back on front-line services, and I seriously doubt whether the ETU will let it do too much in that regard. So how are they going to make the money to pay that \$600 million, Treasurer?

How is that going to happen? The only way that I can see that happening is through the price of electricity going up.

That is exactly what has happened. I cannot repeat everything I said in 2015 because I will run out of time.

Chapter 8 of Budget Paper No. 2 covers public non-financial corporations, including the state electricity and water businesses. In this part of the budget papers, the government has announced that it is allocating \$771 million to remove the cost of its solar bonus scheme from electricity prices for the three years from 2017-18 to 2019-20. What happens to the customers after the three years are over? Will we see a massive spike in power prices? I suspect that that will be the case. Queensland householders and businesses can look forward to a huge jump in their power bills when that happens. Labor has no plan to keep long-term downward pressure on prices. Labor is about short-term measures in an effort to bribe Queenslanders, especially around election time. The LNP is about acting so that Queensland enjoys long-term least-cost electricity supplies.

On page 152 of Budget Paper No. 2, table 8.3 shows that the revenue of the government owned generators has more than doubled over the past two years. In 2017-18, the generators' earnings before interest and tax are budgeted to be almost three times greater than they were in 2015-16. That is an outrageous outcome in an electricity market with what is for the moment an oversupply of generating capacity most times of the year.

On page 141 of Budget Paper No. 2, Labor claims it has undertaken a number of reforms 'to place downward pressure on wholesale prices in the future, including directing Stanwell to alter its bidding behaviour'. There are a few interesting things about that statement. Labor is claiming that that is a reform. Firstly, it appears that the government does not even expect that to work. Generator profits are projected to grow from \$382 million, as it was in 2015-16, to \$892 million this year. It has doubled this year. It is expected to be \$1,070 million in 2017-18, \$858 million in 2018-19 and \$750 million in 2019-20. Those are not my figures; those are in the budget papers. It is right here and members can see for themselves at page 152 of Budget Paper No. 2.

Secondly, and this may explain why there is no reduction in income for generators shown in the budget, while the Premier's Powering Queensland Plan says it will direct 'Stanwell Corporation to undertake strategies to place downward pressure on wholesale prices', the plan makes no mention of CS Energy. We are telling one of our power companies that they have been gouging, they have been naughty and they had better stop ripping off Queensland consumers, but we are completely ignoring the other generator that we own, which does not have to do that. For the information of members, CS Energy and Stanwell control 65 per cent of the generating capacity in Queensland. When they bid into the market with high spot prices, everybody else follows them and everybody who generates power makes money. That is having a real effect on businesses, especially those businesses in the spot market or those businesses that are signing two-year power agreements starting now.

Labor claims that directing the commercial behaviour of a generator operating in the national electricity market is a reform. Perhaps the member for Yeerongpilly intends to set up a trading desk in his office and offer energy to the market on Stanwell's behalf. This direction is exactly what the national electricity market was designed to avoid. Despite whatever short-term effect the government's direction

to Stanwell might have, its longer lasting and more significant effect will be to deter potential investors from entering the Queensland market. They know for certain that Labor will not and indeed cannot put in place a market environment that supports effective competition and efficient prices. Instead, they know Labor will intervene arbitrarily in the competition itself to try to force an outcome that it desires. This is political risk to investment at its most blatant. This is a risk that means investors are likely to need higher returns to invest in Queensland in the future, which means higher power prices in the future for Queensland households and businesses.

This morning it was good to listen to the Leader of the Opposition talk about car registration freezes for the next three years. I am sure that the people of Queensland will really appreciate that, but the real effect on the cost of living will come from electricity bills. The announcement by the Leader of the Opposition that we would give priority project status to a new economically viable, low-emission, ultra-supercritical coal-fired power station in North Queensland will be very welcome by those people.

To give you a bit of an idea, Madam Deputy Speaker, Queensland's capacity from traditional sources of generation—coal, gas, solar, wind and hydro—is about 13,500 megawatts. A couple of days ago when I had a look we were only generating 6,400 megawatts, consumption was about 6,000 megawatts and we were selling the other 400 megawatts to New South Wales at \$80 a megawatt. Over Christmas we were in fact selling 1,000 megawatts to New South Wales at \$14,000 a megawatt, and that is the problem. When we sell it interstate at those sorts of figures we are also charging businesses here those sorts of figures, and that has caused businesses like the Boyne Island smelter to shed staff because they cannot afford to run economically at the rates this government wants to charge.

I want to take the Minister for Energy to task for his absolutely pathetic contribution. The minister said a lot of things during his contribution that quite simply are not factual and not true. One of the things he said is that the coal-fired power station that the Leader of the Opposition talked about earlier in the day is not a low-emission power station. I have news for the Minister for Energy: the word 'HELE' that is in these power stations should have led him to the belief that it is a low-emission power station because the word 'HELE' means 'high efficiency, low emissions'. Maybe other members here could explain to the Minister for Energy that that is what 'HELE' means in the context of coal-fired power stations.

The 50 per cent renewable energy target the Labor government is blindly following because of their ideology is causing increases in electricity prices in Queensland. There is absolutely no doubt about that. They are trying to achieve a 50 per cent renewable target because they believe this is affecting climate change. The member for Yeerongpilly seems to be very keen to quote Dr Finkel, the Chief Scientist of Australia, during estimates this year in Canberra, but what he did not mention was the discussion that Dr Finkel had with Senator Ian Macdonald in Canberra during estimates. Senator Macdonald asked him about the contribution of Australia's emissions to global climate change and he referred to a figure of 1.3 per cent. Senator Macdonald asked the Chief Scientist to tell him what effect that would have on climate change and he replied, 'Virtually nothing.' Therefore, even reducing our carbon emissions by 1.3 per cent will have absolutely no effect on the world's climate. Even if we got rid of all of our emissions that would have absolutely no effect, so having a 50 per cent target achieves absolutely nothing.

I want to correct the minister, because the so-called rises under the Newman government that he talked about of 15 per cent a year were not in fact locked in. The minister is conveniently forgetting that in 2010 the Australian Energy Regulator handed down its decision regarding the amount of money that Energex and Ergon could reclaim for their network costs. That was for a five-year period, and Labor were in government in 2010. The decisions they made up to that stage caused the AER to lock in an increase of 15 per cent in network costs which immediately flowed through the QCA decision and came out the other side as higher electricity prices, so they were completely beyond the control of the government at the time.

An opposition member: Right! Do they understand that?

Mr HART: They do not understand any of that. When we were in government we took action to fix that. When the AER handed down their next decision in 2015, just after the Labor Party got into power, they said that electricity prices should stay pretty stable for the next five years. That has not happened because this government has lost control of generating, and I will give you an example. From 2000 to about 2011-12 the typical price of a megawatt of power was about \$35 to \$40, and that was because it was coming out of a coal-fired power station all that time. In 2011-12 it jumped up to about \$65 a megawatt, and that happened because of the carbon tax. It never went down. What has happened in the last 12 months? That price has now jumped up to average \$95 a megawatt, and in fact over Christmas in January and February of this year it was averaging \$200 a megawatt. That is why the wholesale price of electricity has jumped up by 70 per cent on average.

This government has been gouging consumers and businesses to put all that money aside in their budget and then throw it back in the form of a three-year subsidy. What happens at the end of that three years? That \$770 million is gone, we burned through it and there is no more money to do anything else. When that happens we will see another huge spike in electricity bills. Those opposite will be gone by then and it will be a problem for us to fix, which is exactly what we had to do between 2012 and 2015. We had to fix all of their mistakes in the energy market. This budget is a dud for the people of Queensland. The people of Queensland can see that, and this government will be tossed out at the next election.