Speech By
Rob Molhoek

MEMBER FOR SOUTHPORT

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PUBLIC WORKS AND UTILITIES COMMITTEE, REPORT, MOTION TO TAKE NOTE

Mr MOLHOEK (Southport—LNP) (12.38 pm): I rise to speak to the committee report on the Queensland Audit Office's report regarding energy. At the hearing we conducted, we heard from Rachel Vagg from the Queensland Audit Office. She tabled report No. 5, which is what we are speaking about. She said that the report summarises the results of financial audits of all state government energy companies: Stanwell Corporation, CS Energy, Powerlink Queensland and Energy Queensland Ltd. She talked about how Energy Queensland Ltd is the new merged entity that owns Energex and Ergon. She said that they also audited all entities controlled by the four energy companies and the regulatory submissions of the Australian Energy Regulator for Energex.

Here is the concern. In her summary of the audit she basically said that, as a result of all the restructuring, there is more debt, expenses are up more than revenue and profits have actually dropped by some 26 per cent. She stated at the hearing that overall debt has increased by $4.6 billion as a result of the merger.

I turn now to the audit report at page 5 where it provides a very succinct summary of debt and equity. It states that total borrowings for all our energy entities is $23.1 billion. The interest expense on that is $0.96 billion. We are paying a billion dollars a year in interest. What I find amazing is that in 2015-16 the figure for accumulated losses for the combined entities was $0.4 billion. They lost $400 million. However, the declared dividend—the 100 per cent take that was imposed on the energy companies by the state to prop up the budget—was $1.94 billion.

This is classic 'Labornomics'. Many of us in the House have run businesses. When businesses make an operating loss that is not the year that you pay yourself a dividend. It is certainly not the year that you go out and borrow more money to support a dividend payment to yourself.

Mr Costigan: You rein it in.

Mr MOLHOEK: I take the interjection from the member for Whitsunday; you rein it in. I refer to a comment made by the Treasurer. This morning the Treasurer stood in the House and said, 'Look at me. What a great job we are doing. We have delivered surpluses. We are doing all this great work.' May I suggest that part of the surpluses delivered are at the expense of the energy generators. What is happening is that this Labor government is robbing Peter to pay Paul. I had to laugh, because this is part of the Treasurer's action plan. The Treasurer stated—

In this context, the lower capital expenditure outlook for the network businesses also allowed the Government to increase the businesses' dividend payment ratios from 80% to 100% of net profit after tax, while still allowing for gearing levels to remain at the target ratios. The revised dividend payout ratios are intended to support more efficient capital management in the businesses.

Not only are we funding dividends by borrowing more money; we are taking 100 per cent of the money that we can get. For any business it is normally prudent to leave a little in the business. One of the questions I asked of the Audit Office was whether they could confirm whether the government was actually borrowing more for maintenance. One table in the report—and I cannot find the page number at the moment—simply identifies a whole lot of gaps. There are a number that say ‘not disclosed’ under maintenance costs. That was after we placed a question on notice. My question is: why is the government raiding all this money from our energy enterprises? What do they have to hide by not disclosing the true costs of maintenance and capital expenditure within those entities?