




Speech By
Brent Mickelberg

MEMBER FOR BUDERIM

Record of Proceedings, 20 September 2018

**STATE DEVELOPMENT, NATURAL RESOURCES AND AGRICULTURAL
INDUSTRY DEVELOPMENT COMMITTEE**

Report, Motion to Take Note

 **Mr MICKELBERG** (Buderim—LNP) (3.02 pm): I rise to make a contribution to the debate on the State Development, Natural Resources and Agricultural Industry Development Committee report on the Auditor-General's report into financial matters relating to energy. It is clear that the Palaszczuk Labor government is taking Queenslanders for a ride and using government owned electricity generators as a cash cow. It is clear that the Palaszczuk Labor government has misled Queenslanders by loading up more and more debt into state owned energy companies. It is clear that this Palaszczuk Labor government thinks that it is okay to transfer the cost burden for ill-conceived Labor government decisions of the past, such as gold plating the electricity network, onto the people of Queensland. Queenslanders deserve better.

The committee heard testimony that profit from the state owned electricity companies amounted to a staggering \$1.9 billion for the financial year ended 2017. I repeat: \$1.9 billion. That is an increase of 45 per cent on the year prior. Primarily, this increase was due to the profits from the state owned electricity generators. It is reflective of this government's approach to manipulating market prices through the bidding practices of CS Energy and Stanwell. Put simply, this government uses state owned electricity generators as a secret tax on all Queenslanders, a secret tax of more than \$500 million.

It is clear that this government's strategy is to load up as much debt as possible onto government owned corporations. To that end, the committee heard testimony that Powerlink took on an additional \$160 million in debt in the 2017 financial year, which increased the entity's debt-to-equity ratio to 75 per cent. That is to say, Powerlink has three times more debt than it has equity. Such a level of debt means that the entity is more exposed in the event of adverse market changes or other revenue pressures—hardly the actions of a prudent government in a time of considerable change and uncertainty with electricity markets.

Speaking of debt, I was interested to hear about the fact that there was a debt action plan, which was reported in the 2015-16 state budget. It was news to me, given the Treasurer could not even mention the word 'debt' in her budget speech this year. I just assumed that the government's debt action plan was simply to ignore the problem or to hide the real state of affairs by loading additional debt into government owned corporations. Unfortunately, it turned out I was right. This government's debt action plan went by the wayside long ago—another broken election promise from this Palaszczuk Labor government.

Labor's 2006 haphazard attempt at a national electricity network regulation was catastrophic. It led to gold plating of the network. Put simply, Queensland Labor overspent on infrastructure and overestimated demand and, as a result, needlessly drove up prices. Now the chickens are coming home

to roost. As a consequence of Labor's flawed decisions, Queenslanders now have to carry the cost of redundant infrastructure, which is passed on to consumers each and every second they use electricity across this state.

There is desperation across Queensland about the mere mention of electricity—desperation from cash-strapped households and struggling businesses who we know were tricked into donating \$470 of their hard-earned money to the Labor government which they are now giving back \$50 in the way of a bonus because they know electricity is expensive. We know that Labor love the 'money-go-round', but come on!

Before I conclude my remarks, I would also like to draw attention to the changes in the valuation assumptions used to determine what Queensland's government owned electricity assets are worth. At a time when the Minister for Natural Resources and Mines has discussed writing down the regulated asset base of Queensland's electricity companies, it seems a strange course of action to be increasing the valuation of those same assets. Increasing the valuation of electricity assets will only have the effect of driving up electricity prices—higher electricity prices that will be paid by mums and dads in Sippy Downs, the bakery at Brightwater, retirees in Buderim and strawberry growers in the south of my electorate; higher electricity prices that can ill afford to be paid by Queenslanders already cowed by the relentless increases in electricity prices across this state.