Speech By
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MEMBER FOR CONDAMINE

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STATE DEVELOPMENT, NATURAL RESOURCES AND AGRICULTURAL INDUSTRY DEVELOPMENT COMMITTEE

Report, Motion to Take Note

Mr WEIR (Condamine—LNP) (3.47 pm): I rise to make a contribution as a member of the State Development, Natural Resources and Agricultural Industry Development Committee in regard to the Queensland Audit Office energy report for 2016-17. This report provides the results of the financial audits of the Queensland government's energy entities which include CS Energy, Stanwell, Powerlink, Ergon Energy and Energex. The electricity generated in Queensland is mostly transmitted and distributed by state government owned corporations. Outside of the south-east corner, electricity retailing is also mostly state owned. There are 31 government owned corporation subsidiaries within the Queensland energy sector, with Ergon Energy Queensland being the only subsidiary that prepares separate financial statements.

Some of the audit findings show that all energy entities had 'strong year end close processes'. This allowed them to produce high-quality financial statements in a timely manner. We issued unmodified audit options for the financial statements of each of these entities. Readers can rely on the results in the financial statements.

There is some interesting reading in these financial statements. For example, in 2016-17 average market energy prices rose to record highs. The increased profitability of the energy sector was primarily due to the profitability of the energy generators—CS Energy and Stanwell—in 2016-17. This year their income increased by $1.2 billion while expenses increased by $614 million. This resulted in an increase in profit from the energy generators of $511 million in 2015-16.

This year profits for the sector increased by $583 million, or 45 per cent. This was mostly because of increased profits from energy generation, which in turn was due to the increased demand for energy and record highs in market energy prices. That is what the report states.

Generation income increased by 45 per cent, but what about the retail sector? Ergon Energy's retail income has increased to $2.1 billion, which is a seven per cent increase this year. The retail income of generators increased by 76 per cent from the previous year, to $877 million. This growth was driven by increases in wholesale prices and the increase on demand for electricity by consumers throughout the year.

Energex and Ergon Energy were merged in June 2016 with the purpose of lowering energy prices in the long term by removing duplication. It is now 2018, and the price of electricity is at an all-time high and unaffordable for the average family or pensioner. The report talks about future challenges and states—

Further, through the *Powering Queensland Plan,* the Queensland Government has confirmed its commitment to a 50 per cent renewable energy target by 2030. The required growth in renewable energy may result in lower demand and a lower market share for coal-fired power plants.

Decreasing demand for energy generated by coal-fired power plants may impact on the ability of government owned generators to maintain income growth in future financial years.

How could I forget this one, where it states—

During 2015-16, the debt held by Energy Queensland increased by $4.2 billion as a result of Queensland Government policy decisions.

That is a debt that will be hanging over our heads well into the future. We well remember the government owned entities being loaded up with government debt. Is it any wonder our power prices are going through the roof?

I also want to mention the chair's comment about renewable energy. It could well be stated that that is privatisation by stealth. There are two large scale solar projects happening in the seat of Condamine and both of those are owned by overseas interests.