

QUESTION ON NOTICE

No. 234

asked on 1 April 2014

MR PITT ASKED THE MINISTER FOR ENERGY AND WATER SUPPLY (MINISTER McARDLE)—

QUESTION:

With reference to the Minister's answer to Question on Notice No.55 of 2014 –

- 1) What was the response given by the Ergon CEO and Board to the Minister's request that the CEO transfer his office back to Townsville?
- 2) Will the Ergon CEO be moving his office back to Townsville and if so, when?
- 3) If the Ergon CEO will not be moving his office back to Townville, will the Minister advise what reasons were given?

ANSWER:

Recognising the location of the Ergon Energy Queensland (Ergon) executive team is an important issue for some people living in regional Queensland, it is also important to provide some context. While the Ergon CEO can spend time in Cairns, Cooktown, Townsville or Brisbane in any one week, this action will have less impact on reducing the cost of electricity in regional Queensland than the removal of the carbon tax. The biggest issue in the electricity supply sector for all Queenslanders is how we will get through the decade of increasingly high electricity prices following the Beattie government's electricity supply crisis. Indeed, the decade of skyrocketing electricity price increases that has followed the 2004 electricity supply crisis was caused by the reckless spending that followed it (i.e. gold-plating of networks), as well as political interventions in the electricity market (i.e. carbon tax and other green schemes) that were locked-into the future cost of supply – still the biggest cost drivers for future electricity price increases.

Without comprehensive reform, Queensland electricity prices will continue to surge – doing nothing is not an option. That is why, unlike what happened in the past, the Newman Government is focused on putting downward pressure on electricity prices now and in the future. That is why the 2013-14 Queensland State Budget provides for a \$620 million subsidy to ensure people living in regional Queensland pay the same regulated electricity price as people in Brisbane. That is why the Newman Government is implementing a broad electricity reform agenda that will directly tackle network costs, tariff reform and retail competition. And, that is why I recently met with the Ergon CEO to discuss Ergon's plans to put downward pressure on future electricity prices, while also discussing how its executive team will be structured to best deliver transformative change locally and regionally.

It is important to note Ergon that is a corporatised entity governed by a Board of Directors that has been given autonomy and responsibility to make commercial and operational decisions for the business. In this regard, the Chair advised me the Ergon CEO will work from many locations in Queensland, including in Brisbane, Townsville and other regional centres:

“The Board will hold any CE accountable for ensuring they remain in touch with regional Queensland customer and stakeholder issues...”

With regards to addressing regional issues and concerns, I am pleased to report that I recently joined the Ergon CEO in Townsville to launch the *New Connections for Developers’ Charter* that will apply to developers of residential, rural, commercial and industrial subdivisions, including apartments, office / shopping complexes, closed gate, or private subdivisions and retirement villages. As part of the Government’s commitment to grow a four pillar economy, especially the regional construction sector, Ergon is working with developers to deliver the most cost-effective solutions and improve the energy efficiency of housing stock. Importantly, regional businesses can now have greater confidence Ergon has a higher level of commitment to growing the regional economy and is thinking more about the growing needs of regional small businesses and industry.

Also, with regards to being in touch with regional Queensland, I am pleased to report I joined the Ergon CEO on a visit to the Far North and North following Tropical Cyclone Ita. I was very pleased with the outstanding job Ergon did in preparing for the approaching cyclone – then how quickly they restored power to communities in its wake. In this regard, the CEO was deployed to where he was needed most – in the far north and northern parts of Queensland. And, most importantly, regional customers and State disaster coordination groups had good reason to have confidence in the on-the-ground management and leadership Ergon demonstrated before, during and after Tropical Cyclone Ita.