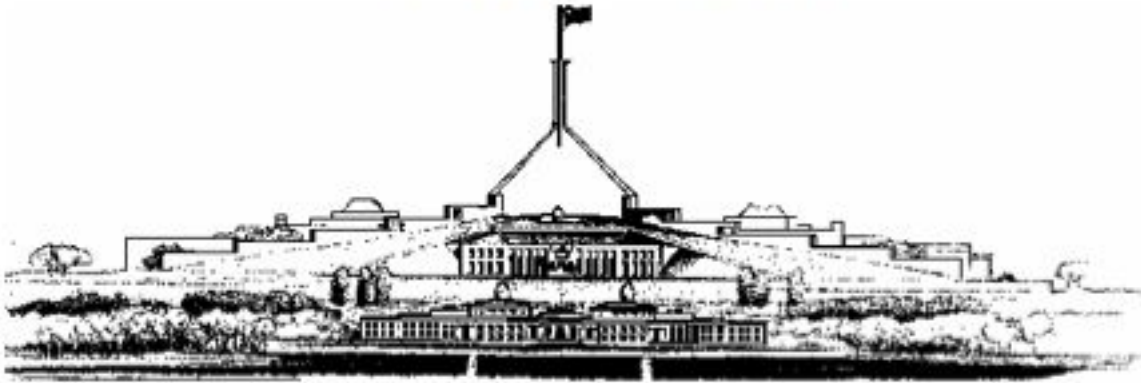




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**Federation Chamber**

**PRIVATE MEMBERS' BUSINESS**

**Energy**

**SPEECH**

**Wednesday, 21 June 2017**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<p><b>Date</b> Wednesday, 21 June 2017  <b>Page</b> 148  <b>Questioner</b>  <b>Speaker</b> O'Brien, Ted, MP</p>	<p><b>Source</b> House  <b>Proof</b> Yes  <b>Responder</b>  <b>Question No.</b></p>
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**Mr TED O'BRIEN** (Fairfax) (16:15): I move:

That this House:

- (1) recognises that electricity prices affect every Australian, whether it be the price of electricity at home or the cost to businesses that will flow on to threaten jobs and business competitiveness;
- (2) acknowledges that since 2009, in Queensland the average price of electricity has risen from \$35 MW/H to \$95.27 MW/H which is a 180 per cent increase;
- (3) further acknowledges that there has been a 59 per cent increase in the last year in electricity prices;
- (4) notes that electricity prices have reached record levels in Queensland, including \$14,000 MW/H in January 2017;
- (5) notes with concern the allegations of Rio Tinto that the Queensland Government is manipulating the electricity grid to keep prices high and increase revenue for its state owned assets; and
- (6) calls for a full and transparent inquiry to be conducted into the cost of electricity in Queensland with recommendations for solutions to fix the problem.

The Labor government of Anastacia Palaszczuk in Queensland is the worst manager of an electricity grid in this country, at a huge and rapidly emerging cost to household consumers, to businesses, to the economy and to jobs. Jay Weatherill's management in South Australia is clearly awful, as repeated blackouts there have shown. You cannot have a reliable power system so heavily reliant on wind unless you have a backup, and Jay Weatherill has none, other than an extension cord over the border to a shrinking reserve supply in Victoria. Daniel Andrews's management in Victoria is woeful, as the closure of the Hazelwood power station earlier this year and the moratorium on gas exploration attest. But Ms Palaszczuk's government in Queensland is far and away the worst. Given the vast high-quality energy-producing resources available in my home state, we should have utterly reliable, affordable power in Queensland now and well into the future, but we do not, and the future is increasingly bleak.

Five years ago, the average price of power in my home state reflected the fact that its generators had access to some of the best reserves of coal and gas in the world. Power was just over \$29 per megawatt hour, the second cheapest in the National Electricity Market at the time, behind only Victoria, which also has access to vast reserves of gas and to even cheaper brown coal, rather than the high-quality black coal of Queensland. Now, however, in Queensland we have the second most expensive power in the NEM, ahead of only South Australia. The average price in Queensland for 2017 to date is \$93.81 per megawatt hour, down very slightly from when I worded the motion that we now address but still far and away the worst in the NEM except for the price in Jay Weatherill's state, where the average currently sits at \$108.88 and is no doubt headed further north. Queensland is now also significantly worse off than New South Wales, where the average price is \$81.36 for 2017 to date. We are far worse than the \$74.75 in Tasmania and way behind Victoria, where the average is \$65.71 but where the price will no doubt rocket as the impact of the closure of its largest generator, at Hazelwood, kicks in. It is going to be a long, hot summer in Victoria, and the price there is going to go through the roof.

The problems in South Australia and Victoria are well known, but the issue for resource-rich Queensland has to be: how has it come to this? How has the NEM state with by far the richest energy-producing resources in the market ended up with some of the highest power prices? The answer appears to be incompetence, built on greed. History shows us that standard operating procedure for Labor governments in Queensland is going backwards. Wayne Goss and Kevin Rudd corporatised the Queensland power industry and began a Labor habit of raiding the annual earnings of the industry through dividends, through income tax equivalents and through

special dividends, which all ended up hurting consumers. The power system in Queensland has never really been back in equilibrium since.

The government of Anastacia Palaszczuk has continued what Wayne Goss started, which is to annually, habitually, rob the industry, with dividends charged to the generators, charged to the transmission agency, and charged to the distributors and retailers, regularly at and even beyond their annual net profits. You cannot do that to your electricity supply industry and expect it to provide cheap power. By doing that you are obviously driving prices up, and Palaszczuk's behaviour in this space over the past two to three years—the scale of the highway robbery she has been undertaking—has put Goss and subsequent Labor governments in the shade, with consumers the patsies.

In 2014-15 she hit on government owned enterprises in Queensland, including the power sector, for \$10 billion. Powerlink, the transmitter of power in Queensland, had a net profit of \$218.3 million for that year, and the government seized every single cent. On top of that, the government also demanded from Powerlink—via a ministerial directive, no less—a further \$1.2 billion, which was paid to the Queensland Treasury Corporation to help pay down the nearly \$80 billion of debt that the Palaszczuk government had racked up because it had been spending like there was no tomorrow, exactly as we have become accustomed to with Labor governments in this place.

In the 2015-16 annual report of Powerlink it was indicated that that special ministerial directive demanding \$1.2 billion was a major factor in an extension to \$820 million of borrowings by the agency. In other words, the \$1.2 billion that the Palaszczuk government ordered Powerlink to part with in 2014-15 was a debt shuffle, for which Queenslanders will pay, one way or another, but certainly through higher transmission charges in their ever-growing power bills. The government paid down some of its debt with that cash and simply shifted the debt back to Powerlink. The end result of that is going to be obvious: even more power price increases in Queensland.

Stanwell Corporation, a big generator with multiple assets, made \$161.6 million in after tax profits in 2015-16. Every cent of that went to the government as a dividend, plus a special dividend of \$150 million. In the 2017-18 budget, just handed down, there were announcements that Powerlink will be hit up for another \$150 million and Stanwell for a further \$100 million.

This is serial madness. It is incompetence, it is greed and it is deceit. It condemns Queenslanders to higher power prices for many years to come, especially when it is combined with Labor's ideological commitment to intermittent renewable energy. Off a current base of 4½ per cent renewables, Labor wants to hit 50 per cent in Queensland by 2030, inevitably mostly from wind and solar, which it is determined to continue to heavily subsidise, as the recent budget also makes clear. The scale of that subsidy is itself frightening. The Queensland Productivity Commission estimates that the cost of the extremely generous feed-in-tariffs that the Queensland government is providing to hundreds of thousands of Queensland homes with solar panels on their roofs will cost \$4.1 billion to 2028, the year the scheme ends. This explains another aspect of why my state, despite its richness in resources, has such high power prices. That subsidy, which at its peak was 44 cents per kilowatt hour, or 50 cents per kilowatt hour from at least one retailer, Energex, has simply been passed on in higher power prices to all those consumers who do not have panels on their roofs. The proof of the pain this is causing consumers is the government's response in its budget.

The government now says that it will carry the cost of that subsidy for the next three years, at a cost of around \$770 million, which is, of course, another way of saying that the taxpayer will meet it—no doubt out to 2028, beyond 10 years from now, at a cost of billions. It is all about swings and roundabouts; it is smoke and mirrors. Such is the scale of the disaster of power pricing in Queensland that any full and transparent inquiry would no doubt reach the obvious conclusion that the Palaszczuk Labor government is the worst power grid manager in this country. It is worse even than Jay Weatherill in South Australia and Daniel Andrews in Victoria, and that indeed says a lot.

**Mr Craig Kelly:** That is a big effort.

**Mr TED O'BRIEN:** That is a big effort. The problem that we have always seen with Labor governments this country over, but particularly in Queensland, is that their incompetence is at times conscious incompetence. They know they are incompetent and they are happy to price gouge, to rip off consumers and rip off businesses to pay for their spending. It is ridiculous and it has to stop.

**Mr Craig Kelly:** I second the motion and I reserve my right to speak.