



Speech by

Hon. T. McGRADY

MEMBER FOR MOUNT ISA

Hansard 6 August 1998

MINISTERIAL STATEMENT

Electricity Industry

Hon. T. McGRADY (Mount Isa—ALP) (Minister for Mines and Energy and Minister Assisting the Deputy Premier on Regional Development) (9.46 a.m.), by leave: Queensland's prosperity has been built, in part, on the existence of a world-class electricity industry capable of supplying low-cost and reliable power to resource development projects, industry and the wider community. The Government wishes to ensure that the electricity industry continues to maintain its high standards as a reliable, efficient and low-cost provider of power.

Mr Speaker, as you know, during the election campaign we announced that there would not be any privatisation of Queensland's electricity industry. I want to reaffirm in the strongest terms that the Government has no intention of privatising any of the Government-owned electricity corporations. Unlike the Victorian Government, the Queensland Government has no need to sell the family silver. We regard the industry as an important community asset, one that should remain in public ownership.

Turning to the structure of the electricity industry, I have long been concerned that the current structure is cumbersome and unwieldy and represents an obstacle to efficient management and operation. There are currently 13 separate Government-owned corporations plus two major retailing subsidiaries reporting to the two shareholding Ministers. This clearly needs to be addressed and a more efficient and manageable structure put in place. In this regard, a number of options are under active consideration by the Government. We will ensure that the structure adopted will provide reliable low-cost supply to Queensland consumers, will take advantage of opportunities as Queensland joins the national market and will provide a sound platform for these businesses to grow and create wealth for all Queenslanders.

Interconnection with the New South Wales electricity grid is an important component of Queensland's future electricity supply strategy. Not only will the interconnection facilitate competition but it will also provide additional reserve supply margin to the Queensland system.

For these reasons it is important that the interconnector is operational as soon as possible. To this end, I have asked Powerlink to work with its New South Wales counterpart to accelerate the construction phase of the project to achieve completion in early 2001. This would take up to nine months off the scheduled construction time.

The previous Government had locked into a policy of total reliance on market forces to dictate the pace and shape of energy infrastructure development in Queensland. This has clearly been unsuccessful as witnessed by the difficulties with the Callide and Townsville power station projects and the related PNG gas pipeline development. This Government believes that a more strategic focus needs to be introduced into the development of energy infrastructure in Queensland—one that recognises Queensland's State and regional development imperatives.

To this end, this Government will prepare and implement an integrated energy development strategy for Queensland. The strategy's focus will be on ensuring that provision of energy infrastructure will provide both for the needs of existing industries as well as acting as a catalyst for new industrial development. This new, more integrated approach will be of considerable benefit to potential investors in resource development projects throughout our State.

Reliability of supply is the highest priority for this Government. We want to ensure that the lights stay on in Queensland. Upon coming to Government, one of my first concerns was to examine the current and future maintenance schedules of the Government owned generators to ensure that they are adequate. To this end, I have established a task force, headed by Mr Ron McGuigan, former chief executive officer of CS Energy, and Mr Dick Williams of the Communications, Electrical and Plumbing Union to provide independent technical advice to the Government on the issue. As a former CEO of one of the generation corporations, Ron is uniquely placed to provide us with advice on the generators, while Dick Williams will ensure that electricity industry workers are also able to have input into the work of the task force. This task force will report to me by October. Action on their recommendations will be taken immediately to ensure that we do not have simultaneous breakdowns in four power stations as happened earlier this year. I am also writing to the boards of each generating corporation directing them to clear all maintenance backlogs which could jeopardise the efficient operation of the generating units in the coming summer.

As the House may be aware, the Queensland Electricity Reform Unit was established in 1996 to oversee the introduction of the national electricity market and the restructuring of the Queensland electricity industry. Its role is due to finish in December of this year and it is expected that the majority of its tasks will have been completed by then.

The electricity industry and energy infrastructure in general plays a vital part in the State's economic development. Accordingly, this Government is determined to ensure that development of energy infrastructure in Queensland meets the economic and regional development imperatives. This will be achieved through ensuring that energy policy provides for the needs of existing industries as well as acting as a catalyst for new industrial development. This new, more integrated approach will be of considerable benefit to this State.
