



Speech by

Mr R. QUINN

MEMBER FOR MERRIMAC

Hansard 28 October 1999

MINISTER FOR MINES AND ENERGY

Mr QUINN (Merrimac—LP) (Deputy Leader of the Liberal Party) (6.11 p.m.): It is my pleasure to second the motion moved by the member for Hinchinbrook. One of the crucial issues on which we urgently need some degree of openness and accountability from this Minister is the issue of price. We know that the Government's ability to control price is now limited and that it is going to go altogether over the next three years. That, in itself, is a price of the reform process which the Minister himself started with the former Labor Premier and with the former Labor Prime Minister, Paul Keating. But that does not mean that policy decisions of the Government—particularly some very important policy issues on which it is making decisions right now—cannot influence prices, even in a totally competitive market in the future. I refer in particular to the future of the State's generating profile, which is entering a period of intense development and change. Callide C is under construction, Millmerran has been approved and Kogan Creek awaits approval—all major coal-fired plant, 2,500 megawatts worth, and a quantum leap in our generating capacity.

But alongside those developments, we have the Government seeking to promote the Chevron gas project, based on taxpayer underwriting of contracts for some 180 petajoules of gas, based almost exclusively on power generation projects. That presents a conundrum—a puzzle, a riddle, if you like. The simple fact is that gas, as a fuel for power generation, is expensive in relation to coal. Kogan Creek recently advertised power for sale at \$28 per megawatt hour—extraordinarily low in relation to even relatively recent coal-based power, but a sign of the great advances that are being made in technology in that industry. Callide C and Millmerran are going to be in the same ballpark. The kindest industry estimates are that gas-fired power is going to be much closer to \$40 per megawatt hour—perhaps as low as \$35—but most probably, and on a very low gas price, in the high thirties to around \$40. In a crowded, competitive market, that is a massive difference.

Apart perhaps from gas plants in some of the more isolated areas of the State—where the competitive advantage of coal could be reduced by distance—there would be very little potential for gas-fired generators to get their call from NEMMCO to come on line, to generate. In fact, coal could even be competitive in some of those more far-flung markets if the battle between super efficient coal generators reached the level it clearly could.

So why are we promoting gas, in a competitive market, as a power-generating fuel? There is only one way it can make sense, and that is in the context of a carbon tax regime. Figures published this week suggest that the Commonwealth's Australian Greenhouse Office is looking at a carbon tax regime that would relate back to a \$27 per megawatt-hour addition to the price of coal-based power and \$16 per megawatt-hour for gas-based power. If that became a reality, then we would be seeing prices for coal-based power around \$55 per megawatt-hour. Gas would be in the same range and, therefore, would be highly competitive. But overall, the price of power would be through the roof—almost half as expensive again as it is today.

The Minister is absolutely silent on this issue. It is a massive issue. It is a rapidly maturing issue. It is so important an issue that the member for Mount Isa's silence is yet another way in which he has, across two Labor administrations, sought to dupe Queenslanders on this incredibly important issue of power. He cannot be allowed to get away with it any longer. He has to give us some answers. He has to give the industry some answers. And the only answer he can possibly give, in this policy arena with

such massive implications, is that he is gambling; he is having a punt. The Minister is gambling with billions of dollars in State and privately owned assets on a carbon tax regime.

If there is another explanation—and for the life of us we on this side of the House cannot see it, and industry cannot see it—then we need to hear it, and we need to hear it soon. Industry is desperate to hear it—as the Minister must know if he has been opening his mail or his newspapers—and the consumers deserve to know if the future of lower prices in this State, and potentially massive exposure of Ergon and Energex to risks in relation to Chevron gas, is a flutter on the market by the member for Mount Isa with billions of dollars of their chips.

We on this side of the House have some very serious concerns about what is going on in terms of power generation in this State. There are no answers forthcoming from the Minister. Not only do we want the answers, but industry in general wants the answers. There is an enormous amount of money at risk here—billions of dollars of private enterprise money, not to mention taxpayers' dollars—and the Minister, to date, has been silent. And unless we get some answers fairly soon, the industry just will not know where it is.

Time expired.
