



Speech by

Dr DAVID WATSON

MEMBER FOR MOGGILL

Hansard 15 April 1999

ELECTRICITY INDUSTRY

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (6.07 p.m.): I rise to second the motion. The Minister keeps trying to tell us that there is not a problem in the Queensland power industry. However, here is graphic evidence that there is a problem. I table these figures for the House. I have the official National Electricity Management Company pre-dispatch prices for power on the national electricity market for tonight. For 6.30 tonight, the price in New South Wales is \$17.75 per megawatt hour. In Victoria it is \$18.44. In Queensland, the pre-dispatch price for 6.30 tonight is a staggering \$654.38. When we point out the huge problem in Queensland pricing, the Minister says that we do not understand that this is simply the market at work. Of course we understand that. This is the market at work and the market says that for 6.30 tonight power in Queensland is priced at 36 times the cost of power in New South Wales. Under Labor, the power industry in this State has been grossly mismanaged and is at a crucial crossroads.

After the neglect of Labor in the early part of this decade, we have a choice—we can work to repair the imbalance in our generating profile and try to make our generating industry nationally competitive again, or we can expose very large slabs of our generating industry to becoming also-rans in the national electricity market. We are in an era of the quick and the dead in the power industry. Only those Queensland power stations that can compete with the New South Wales and Victorian industries will survive.

As the shadow Minister for Mines and Energy has made very clear, we should have been in the box seat at this time. We could have been in the box seat to grab a share of the national market and to keep electricity prices for Queenslanders at a competitive low. But we are not in the box seat, because of the way that Labor, when last in power, neglected this industry. We have too little base load power and too much intermediate and peaking power. The lack of a reasonable price structure and a reasonable generating profile places us in grave danger, in the medium term, of having much of the power consumed in this State being generated in New South Wales and Victoria. If that occurred, it would be very difficult for any future major expansion of generating capacity in this State. We may have already missed our best opportunity.

Another outcome, which goes all of the way back to Labor's neglect of the industry in the early nineties, could be very grave pressure on at least some significant sections of our existing capacity. We could see a considerable element of our very large inventory—our too large inventory—of peaking power become essentially redundant. The problems might not end there, either. A very significant case in point is the future of Tarong.

Unless this Government does what it has been so reluctant to do for many years, which is to make decisions in relation to the power industry, Tarong could very easily become a major stranded asset. Tarong has to expand and it has to renew itself if it is going to be a viable competitor with imported power and new projects in this State. Tarong is now a relatively aged plant and is confronted with the additional technical problem of abrasive coal. However, it has come up with a very proactive way of dealing with that issue. We understand there has been a sign-off by the Tarong board, by Department of Mines and Energy officials and by Treasury on a very firm proposal for that renewal project. What everyone is waiting for now is the political decision from the Minister, the Treasurer and the Cabinet. If they do not give the go-ahead for Tarong, they place its very future, and the future of the taxpayers' very significant investment in that station, at very grave risk in the medium term.

Labor needs to make a decision in relation to the power industry. It needs to make the right decision and it needs to make it right now, not in a few years when the situation in regard to the Chevron gas pipeline is clearer. The decision has to be made now. Members opposite cannot afford to repeat the same mistakes they made between 1990 and 1995. They cannot afford to sit on their hands and hope that everything will fall into place with other projects. Unfortunately for the taxpayers, consumers and businesses in Queensland, the current Minister shows no signs of being anything other than the disaster for this State's power industry that he so clearly was the last time around. We might not think that lightning can strike twice in the same place; when it comes to this Minister, that is what has happened.
