



Speech by

Mr M. ROWELL

MEMBER FOR HINCHINBROOK

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MINISTER FOR MINES AND ENERGY

Mr ROWELL (Hinchinbrook—NPA) (6.01 p.m.): I move—

"That this House notes the failure of the Minister for Mines and Energy to adequately fulfil his ministerial responsibility to ensure a viable future for the Queensland electricity supply industry."

The Queensland electricity supply industry is facing the biggest set of challenges in its history. By the middle of 2002, the last remaining elements of Government control of the industry, not just in Queensland but also in Victoria and New South Wales, will be stripped away. From that point on, the Queensland industry will be on its own in the national electricity market and on its own in relation to the national electricity grid. In relation to the generating sector, the distribution sector and the retailing sector, we will enter the age of the survival of the fittest. Most importantly, consumers will be on their own.

The ability of the Queensland Government to influence security of power supply and to influence power prices will be gone. The tragedy for this State is that the member for Mount Isa has been the Minister for Mines and Energy in some of the most crucial years leading to this transitional era which the Goss Government originally committed us to. The result of that custodianship is an unmitigated disaster.

The ineptness of this Minister during the time he last managed this portfolio ensured that we are now nowhere near the position that we could have been in as the competitive pressures start—and they have already started. Now he is playing games and putting his head in the sand in a way that could lead to an absolute disaster in the maturing phase of the open market, particularly for household power consumers. The Minister does not even have a plan. He tried to put one together recently under orders from the Premier, and the Premier threw it back at him. That occurred just a few weeks ago.

Other coalition speakers in this debate will go through some of the challenges in a bit more detail. I will lay them out briefly. They are frightening. The first and last concern for most Queenslanders is price. Mr McGrady long ago lost control of the price of power in this State. He has given us a very dysfunctional generating profile that has thrown prices into chaos. In the Goss years he and his Premier neglected the need for new capacity for so long that by the time they worked out that we had to have more megawatts quickly, it was far too late for good planning and far too late for cost-effective megawatts.

Instead of being in the box seat in relation to power generating assets towards the end of this decade, which was where we were headed under the clear planning of the National Party, we were in a position where prices blew out fantastically because we had too little good base load plant and far too much intermediate and peak loading. That was a massive planning failure on the part of the Goss Government and the current Minister when he was Mines and Energy Minister in that Government. We are going to literally pay for that incompetence and dithering, potentially for many years to come. The proof of the pudding is in the eating.

Queensland entered the national electricity market last December. The price was not the \$37 per megawatt hour that the Minister calculated. It was nowhere near it. It was \$60 per megawatt hour. That blew out the cost of tariff equalisation in Queensland for 1998-99 from a budget estimate of \$93m to \$420m and probably more. That is a massive miscalculation. Even that 400% increase is an understatement. We are told that some of the 1998-99 blow-out has been spread across to this financial year, when the tariff equalisation community service obligation is estimated to cost \$259m.

The Minister reckons he is going to pay for that increase out of an increased dividend on the generators. He may be able to get away with that this year because, while the retailers took a hammering in the first six months of the national electricity market, the generators obviously made a killing. But how is he going to meet the community service obligation payments in the years ahead, particularly since the old sources of revenue are either gone or going? The Minister will not tell us. He refused to do so again in question time this morning. He just indicates that he now supports the tariff equalisation policy introduced by the National Party, which his party opposed when it was originally introduced.

Mr McGrady: I wasn't here then.

Mr ROWELL: Well, hooray. That is a welcome Labor back-flip. All we want to know is how he is going to do it, given that the traditional sources of funding have either disappeared or are disappearing.

Mr Elder interjected.

Mr ROWELL: No, not back in the 1950s. It was back in Tom Burns' day. I think the member knows that. He is just trying to avoid the issue.

The Government is apparently none the wiser, even after spending half a million dollars last year on consultants to try to come up with some answers. One that the Minister hints at is the dumping of his responsibility onto Energex and Ergon, the distributors and the retailers. Apparently they will have to arrange their tariff structures to cover the equalisation principle. The Minister will not answer that question either. He ducked it again in question time this morning.

The simple fact is that under the policies that he initiated Mr McGrady will lose all control—not only of retail prices but also of new retailers entering the market. If the charges of Energex and Ergon have to be weighted to cover equalisation, then the customers will simply go to another retailer.

The future of tariff equalisation is one issue about which the Minister needs to give some answers. If he is not listening, then I hope that the Premier and the Deputy Premier are, because they need somebody in the portfolio who is capable of developing some answers and developing them pretty quickly, because time is running out.

There are at least two other massive issues for taxpayers that this Minister seems to be totally ignorant of as he blunders around his portfolio with all the style and aplomb that he showed us from 1992 to 1996. One is the threats to which taxpayers have been exposed by the role of Energex and Ergon acting as aggregators for the Chevron gas project. I am sure that everyone in this House wants to see that project get up. It could be magnificent. There is little question of that.

That project could deliver the gas supplies to north Queensland that are particularly crucial for that region if we are going to have anything approaching competitively priced power in an area of total competitiveness. But it has to stand up. Energex and Ergon have contracted for some 180 petajoules of gas from Chevron, ostensibly without any Government pressure whatsoever. But what are the risks? What do we need to know? The Government cannot tell us. We recently asked that specific question of the Treasurer. What he said was almost incredible. He said that he did not know what the risks were; he knew they were there, and there were plenty of them, but he just could not put his finger on them. Taxpayers beware!

There is another massive problem looming out there of which the Minister seems to be totally unaware. In the totally competitive market that the industry is now entering, the only generators that are going to be called upon to come on line are the cheapest—the generators generating the lowest price power. The most effective generators, the most modern generators and the most competitive generators are not inside Queensland. Our generators will be competing with the generators in New South Wales and Victoria, thanks to the hiatus and planning—

Time expired.
