Speech by

Mr DOUG SLACK

MEMBER FOR BURNETT

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ELECTRICITY INDUSTRY

Mr SLACK (Burnett—NPA) (6.23 p.m.): I want to speak about the competitiveness of power pricing as a major determinant of business investment. It is clear that business in this State has taken on board the Government's promotion of gas power to the exclusion of coal—taken it on board for analysis and to await concrete evidence that there is more to the Government's position than is normally found in its public relations material. The coalition parties are strongly pro development. They have historically been pro development, and the Labor Party knows this. It now says that it is pro development.

Businesses are waiting to invest in Queensland. Those that have been waiting have taken this claim on board as well for analysis and to await concrete evidence. Business knows that this Labor Government is a high noise, low delivery Government, that it "governs"—and I put that in quotation marks for emphasis—by media stunt and inventive invective. The coalition is strongly in favour of northern development of the sort and at the level and scope of the developments that are promised by the Chevron gas pipeline concept. Business knows that long-term, high-value investment decisions are not things that in general terms are facilitated from go to whoa by one Government, or even a series of Governments of the one political colour. There is—and I say this deliberately lest some potential investors find themselves seduced by the amateur rhetoricians opposite—essentially no difference in the level of desire to acquire new investment projects for Queensland among any of the parties which historically have formed Governments in this State. But it is undeniable that Queensland starts the power game behind the eight ball where price is concerned.

Today's problems in that regard stem from the hiatus of the Goss years, one of the many hiatuses of the Goss years, which the honourable member for Brisbane Central— who himself was a victim of a hiatus in that time—might actually understand even if he will not admit it. The Goss Government placed a moratorium on new generating capacity. It is this factor that has led to the very low uptake of contract power purchasing by the business, industrial and commercial sectors. The facts speak for themselves. They are an indictment of Government by apparatchik—the hallmark of the Goss years.

This situation should improve markedly with Callide C and Millmerran. These facilities will significantly boost the ability of the base load sector in Queensland to cope with demand and to help push prices down. However, there are two factors that cloud this picture. The first is that there are potentially serious ramifications for much of Queensland's intermediate plant, which will struggle to come on line and thus survive financially, and there will be a lesser call for peak capacity. The second factor is much more damaging from the point of view of one great sector of investment in Queensland—the coal sector. That is the Beattie Labor Government's decision to give gas a special mandate in terms of a share—a manufactured share—of the power market. It has been dressed up in the rich green environmental clothing that the honourable member for Brisbane Central and the Deputy Premier like to be photographed wearing. But it is also an obvious and, one might say, naked bid to provide Chevron with an underwriting guarantee it cannot refuse.

We are in favour of the Chevron concept. It is great. We want to see it go ahead—no question. When I was Minister we supported it. We supported it in Government. The north needs—and the north certainly deserves— continued access to power at the sorts of prices enjoyed by other parts of this country and by south-east Queensland. However, there is a problem, not only with Chevron— which is still at the concept stage, still with issues of sovereign risk to sort out in Papua New Guinea, still with technical issues unresolved—but with gas generally. The bottom line is that it is up to three times more expensive than coal—the coal we have in abundance in Queensland, the coal which has helped to fuel a drive for inland population and all the resulting spin-offs of great value that a resident wage work force creates.

Coal in modern generators costs at most 80c a gigajoule. Gas is at least $2.50. Giving a special mandate to gas is, therefore, bad economics—a major distortion of the market. It could erode many of the benefits that would otherwise flow from cheaper coal-fired power, from coal burned with developing new technologies—and I emphasise that—that reduce emissions and thus the greenhouse factor. The danger is that Queensland's existing lack of competitive clout in the power sector may be perpetuated—indeed, may worsen relative to others—over many years into the future.

Business and industry here have voiced concern at increasing electricity prices. It may be said that these voices have been hard to hear, but that is not entirely unexpected in a political environment in which anyone who fails to make obeisance at the feet of the self-proclaimed icons opposite—

Time expired.
