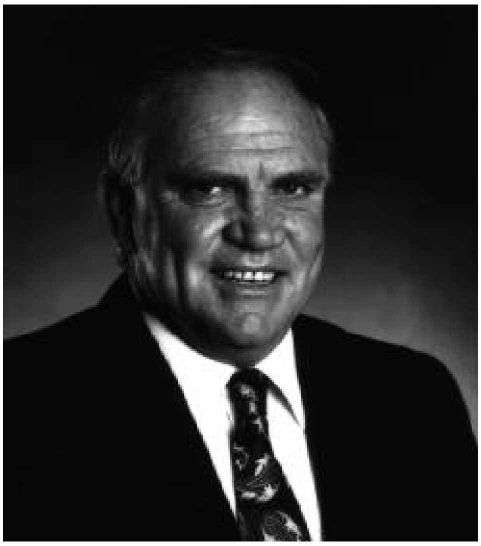

Speech by

Mr ROB MITCHELL

MEMBER FOR CHARTERS TOWERS

Hansard 8 November 2000

ELECTRICITY INDUSTRY

Mr MITCHELL (Charters Towers—NPA) (6.36 p.m.): Rural and regional Queensland in particular is going to learn a lot about the incompetence of this Minister in terms of his ability to manage the Queensland electricity supply industry when we see the round of annual reports this year. We should be seeing those reports within days. Beyond any doubt, those reports are going to confirm a number of things about the state of the industry which we on this side of the House have been emphasising for quite some time.

The simple fact is that this Minister and this Government are irresponsibly starving the industry of funds. As a result, the industry is struggling to deliver outcomes. Service delivery in rural and regional Queensland is going to be seen to be in an absolutely parlous state under this Minister and this Government, principally because of greed.

For instance, we are going to see that the dividend rate almost certainly right across the industry for 1999-2000, and payable this financial year, is going to be in the vicinity of 95%. That is an unsustainable level of dividend. No business can survive if it continually has to provide 90%-plus of its after-tax profit to shareholders. That is the level of dividend that has been demanded by this Government. That is especially the case in relation to the performance of the generating industry last financial year, where we saw the second successive major blow-out in the average cost of power in Queensland.

In 1998-99 we had an average year price of $60 per megawatt hour, which was far and away the most expensive power on the eastern seaboard. In 1999-2000, we had a slight improvement. I am pleased to see that this financial year the price appears to have stabilised somewhat with the addition of coalition-inspired generating projects. It should improve further when the first stage of the coalition's Callide C project comes on line early next year.

But the result is that the relatively poor performance of the generating sector in 1998-99 cost the taxpayer $400m to ensure that the community service obligation of providing power around the State at a uniform tariff could be met. The liability is not going to be much smaller this year. That, in turn, is going to be a drain on Ergon Energy because, under the new arrangements for meeting the CSO under this Government, at least the bulk of the money to meet that cost is going to come from Ergon and not from the consolidated fund. That is going to place more pressure on the ability of Ergon to service its market effectively, both in terms of service quality and cost effectiveness.

The same is going to be true of Powerlink, which runs the high voltage distribution network, at least in relation to the pressure on its ability to do the job, given the very high dividend level. Squeezing the profits of these organisations too hard might, in the short term, help the Government to fill the successive black holes in its Budgets, but it is certainly sowing the seeds of disaster in relation to service levels, particularly in rural and regional Queensland where the cost pressures are already very high. The clear danger is that we are going to see jobs go and see service quality decline as Ergon, and the other elements of the industry servicing rural and regional Queensland, run out of money because the Government is just being far too greedy.

I cannot conclude without referring to the sale, or the close-down, or whatever one likes to call it, of the retail outlets in the previous NORQEB area—the now merged Ergon regime. I remember particularly when the merger of the electricity boards was announced we were told that no-one would lose his job and be forced to take a redundancy in the areas of current operations being carried out by the various boards. NORQEB was the only board area with retail outlets in Townsville, Charters Towers, Hughenden, Richmond, Julia Creek and the north-west.

However, now they have all been sold off and long-serving employees have been told that they have to take redundancies because this section is no longer viable to Ergon. Many of those employees have worked in the electricity boards since they were kids. Last week, two people rang me and told me that between them they have put in 62 years in the electricity industry and have now been paid out at the ages of 45 and 47 and have to find other employment. They have known only the electricity industry for the full period of their working lives. They have received a reasonable payout, but nowhere near enough to retire at such a young age. They wonder what employment will be available to them, and I wonder how many others are going to be in the same boat. I can see that that will have only detrimental effects on some of the smaller towns and the future of the long-serving employees.

At this stage, I would also like to refer to the Cowell Electric Supply Company—I might add, a South Australian company—debacle in the north-west area of the State. That company has gone into liquidation, leaving debts owing to small businesses in the Winton, Richmond, McKinlay and Flinders Shires. I am very concerned about just what checks and balances are done on the qualifications of these contractors before they are given the contracts.

I have the same concerns about another Government contract on Mosman Hall in Charters Towers where a contractor has gone broke leaving many of the local contractors holding the can for work carried out.

Time expired.