



Speech by

Mr M. HORAN

MEMBER FOR TOOWOOMBA SOUTH

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ELECTRICITY AMENDMENT BILL

Mr HORAN (Toowoomba South—NPA) (Leader of the Opposition) (4.05 p.m.): The reason for the Electricity Amendment Bill is to ensure that there is a legislative basis for the continued regulation of distribution service pricing applied by Ergon Energy in operating a particular network, that is, the Mount Isa-Cloncurry network, excluding the 220 kV network in that particular area.

Currently there is no legislative basis for the continued regulation of distribution service pricing that is applied in operating this particular electricity network in the region. This network in the region, as I said, is owned by Ergon Energy. The continuing regulation of the supply network is not provided for under the act—that is why it is being amended—nor is it provided for under the national electricity code.

The network in question is not connected to the national grid. The national grid is the interconnected electricity supply network that extends continuously from Cairns through to Adelaide. Ergon Energy also owns networks that are connected to and part of that national grid. The Queensland Competition Authority regulates these under the national electricity code.

The proposed amendment ensures that there is a legislative basis for the continuing regulation of distribution service pricing by empowering the minister to do one of two things—regulate the pricing of the supply or direct the Queensland Competition Authority to regulate the pricing of the relevant network that is owned by Ergon.

A possible alternative to the bill was to apply to the national electricity code administrator to amend the national code to ensure that the Mount Isa-Cloncurry network was within the ambit of the provision for the regulation of distribution service pricing contained in the code. This alternative was not favoured, as the operations of other participants in the electricity supply industry in the region are not subject to regulation under the national code. For example, the pool system operated by the national electricity market management company with respect to the operation of generators connected to the national grid does not apply to the generator supplying the Mount Isa-Cloncurry network.

As stated, the intention of the amendments is to ensure that the minister administering the act may continue to regulate the distribution service pricing, as was done under section 301 of the act before that section expired, or direct the Queensland Competition Authority to regulate such pricing. If the direction is given to the Queensland Competition Authority, then that authority is to regulate the distribution service pricing as if that network were connected to the national grid. The amendment is not intended to affect the rights and obligations of any person insofar as the operation of the Mount Isa-Cloncurry network is concerned, other than providing for the regulation of distribution service pricing.

The National Party recognises the provision of a reliable, efficient and economical electricity supply to domestic and industrial consumers as one of the core responsibilities of the Queensland state government. Similarly, the National Party recognises the ongoing changes occurring within the industry and the need to manage those changes to ensure that the interests of Queensland consumers and taxpayers are protected and enhanced.

One thing we would all like to see is those changes that have occurred in the electricity industry over recent years start to flow down to consumers, because that is what it was always said would happen. We have seen a couple of tranches. First, the top 30 people requiring the power were able to

tap into that competitive market and obtain competitive pricing. Then the next tranche were able to do the same. It really has not flowed down to the millions of consumers, whom we would all like to see benefit from it.

Recently I read an article which indicated that supply and demand may mean that that may not happen for those people. That is a real shame, because that was the philosophy behind the competitive pricing; it was supposed to flow down gradually through the more efficient use of generators around Australia, through the interconnecting of generators and building sufficient capacity so that there was always enough capacity but not an oversupply and that, through that reorganisation, there would be real competition that would drive down the prices. We have not seen that happen to the average person.

When this started, in the first couple of tranches, I know of one example in particular where it was very useful to the Southern Cross foundry in Toowoomba, which used an enormous amount of electricity. At a time when it was difficult to break into the Japanese market, that company was exporting a lot of major products, such as truck wheel hubs, gear parts, and so on. The savings the company made in electricity costs at that time enabled it to weather those difficult times. So there have been some benefits, but they have been limited.

The National Party also addresses the need to develop competition within the electricity generating industry to reduce tariffs to consumers and to make Queensland even more attractive for industrial development. As I said, that has worked at a couple of levels, but it has not reduced further. Queensland industry needs this impetus to assist it to grow and provide the necessary employment opportunities for Queenslanders—whether it be energy, water or roads. Queensland industry needs the government to provide or facilitate the necessary infrastructure to enhance business opportunities which, in turn, assist the economy and we all benefit. That is why the National Party is keen to see the continuation of the electricity tariff equalisation scheme and is very keen to see every Queenslanders with the opportunity to be connected to mains power by continuing to extend the power grid in western and northern Queensland.

The electorate of my colleague the member for Gregory takes in some very remote areas, as did his previous electorate. Over the years, there has been very extensive lobbying in those areas by many people, particularly wives and mothers of some families, in an endeavour to get mains power. Many but not all of them live a long way from a power source. In Boulia, there was talk about putting a power station on the gas line that went through the area, taking gas from south-western Queensland to Mount Isa. There was potential to develop a small project and feed power to people in that area.

The RAPS schemes—the remote area power schemes—cost in the order of \$150,000 to \$200,000 or more per individual system. They are a mix of solar power and generator power, which kicks in when the sun is not shining. The main issue there is their initial cost, followed by what happens as those particular pieces of equipment wear out and need replacing in the future.

A few years ago I had a chance to meet with some women who were mainly from areas west of Boulia and to hear their stories about having to go out in the middle of the night to crank up or push the start button on the generator in the shed, having to kick a brown snake out of the way in order to send a fax, having to turn on the power during the night because of an emergency with their children, and so on. Those sorts of issues really drive home to us the difficulties that those women face. At times they are on their own. That is just one of those things which, in this modern day and age, the rest of us take for granted, but the people in very remote areas have to put up with a generating system. That is why, when we were in government, we provided funding towards the gradual implementation of a system to supply power to those areas, and it is a tragedy that that system did not eventuate and continue.

I believe that this is one of the things that governments have to do. There are times when we have to provide the reasonable basics of life to people; and power to remote areas of the north and the north-west should be on the government's agenda. I know it is costly, but it should be done in a gradual and progressive way. I will have a couple of queries for the minister at the committee stage but, other than that, we will be supporting the bill.
