



Speech by

Lawrence Springborg

MEMBER FOR SOUTHERN DOWNS

Hansard Tuesday, 17 August 2004

ELECTRICITY SUPPLY

Mr SPRINGBORG (Southern Downs—NPA) (Leader of the Opposition) (12.20 p.m.): I move an amendment to the motion—

That all words after "that" be deleted and be replaced by the following—
this House

- notes the recent Somerville report that outlines the disastrous state of the electricity distribution network in Queensland
- condemns the mismanagement of the electricity industry in Queensland by the Beattie government
- calls on the government to implement urgent action to rectify the deficiencies in the distribution network, communications systems and management of the system
- calls on the government to cease taking dividends from the electricity GOCs so that they can invest in appropriate equipment systems and routine maintenance
- demands that the government clean out the existing failed boards that have been compromised by the appointment of Labor cronies
- set a time line by which the power distribution system will be restored to a safe and reliable state in Queensland.

What we have seen from this government today is nothing but a stunt. This government is haemorrhaging on the issue of electricity in Queensland. It deserves to be haemorrhaging on the issue of electricity in Queensland because it caused this problem. What we saw from Mr Beattie and his Labor ministers in this place this morning was an embarrassing performance. It is no wonder that they had to come up with this stunt motion in order to shift the opportunity for the opposition to further expose the range of government mismanagement to a later media hour today.

Let us look at some of the issues exposed in this parliament this morning. Let us look at what was exposed by the Minister for Employment when we asked a question regarding the payment of directors' fees or meeting fees to Labor Party cronies—union hacks. He let the cat out of the bag. It is well and truly gone now. What he got up and said was that these fees, which its Labor Party union mates who sit on these boards or other entities are paid, are paid back to the union movement. They do not get them personally; they go straight into union funds.

Do you know what that equates to? That equates to a Labor Party money laundering exercise in Queensland. That is what it is. You are putting your union mates on those boards. They are paid over \$50,000 a year.

Madam DEPUTY SPEAKER (Ms Male): Order! The Leader of the Opposition will direct his comments through the chair.

Mr SPRINGBORG: Madam Deputy Speaker, what that equates to is a state government sponsored money laundering exercise for the Labor Party—make no mistake. Mr Barton let the cat out of the bag this morning. Make no mistake about that either. What he said this morning is that, if a union official in Queensland sits on one of these boards and gets directors' fees or meeting fees, they go straight back into the union movement. Do members know where they go? They go straight to the Labor Party.

Mr BARTON: I rise to a point of order. This is a matter between the person who is put onto those boards and their employer. They are using their employers' time to be on boards on behalf of this government. That is a matter between them and their employer. That is on exactly the same basis as senior public servants. I take offence that it is considered to be a money laundering exercise on my behalf.

Madam DEPUTY SPEAKER: Order! There is no point of order.

Mr SPRINGBORG: We in Queensland, inside and outside this parliament, know full well that the Labor Party benefits from the union movement to the tune of at least \$3 million in an electoral term. It benefits enormously. What this government has done now is set up a sophisticated, yet fairly basic, network where it put its mates and its cronies on these boards. It puts union officials on these boards knowing full well that it can channel taxpayers' money to the Labor Party. That is what we heard this morning. That was the admission in this place by Mr Barton.

What we see is a government in crisis—staggering from crisis to crisis to crisis. This government does absolutely nothing in this state unless the blowtorch of public opinion is sitting firmly on its belly. It created this crisis. It created the child care crisis. It created a whole range of other crises in Queensland. Things it should have known about it simply ignored until it was exposed and then it went out and said, 'Mea culpa; I'm responsible, I will fix it.'

It would be great if we had a government in Queensland that actually tried to avoid crises rather than crash into crises. That is what we have got from this government. What we have now seen is a spiral downwards. For this government to fix this self-created electricity crisis in this state it is going to have to create some more crises because it has so pilfered the reserves and dividends from the power companies. It will now have to take from other areas like education, health and welfare to be able to fund the failing electricity system in Queensland. It will create a crisis in order to fix a crisis.

The crisis around the corner in Queensland is going to be water. Once this is over and done with, if it is ever over and done with, water will be around the corner. This government continues to ignore the fundamental utilities that preserve and enhance the lifestyle of Queensland. Whether it is our roads, whether it is our public transport, whether it is our electricity or whether it is our water, this government has set about a program of neglect in this state for just over six years.

We have a government that no longer deserves to govern. It was warned about this in 1999 by the then chairman of Energex, board members and Powerlink. The Under Treasurer wrote to the then Treasurer and said that these are the concerns that exist. The concern is that if the government keeps taking the dividends at the rate that it is taking them then upgrades, refurbishment and maintenance are going to be compromised and that will compromise the level of service which Queenslanders can justifiably expect from their electricity distributors. That came from the heart of Mr Mackenroth's department to the then Treasurer.

As I said in this place this morning, this crisis was predictable. It was actually predicted in 1999. Therefore, this crisis was avoidable. Therefore, this crisis was deliberately inflicted upon the people of Queensland by this government. It knew that it was around the corner. It had been warned. It ignored those warnings and it crashed headlong into this crisis. Then five years down the track when it was exposed, after all those warnings, we now have Mr Beattie going out putting on his terribly upset and sorry face and saying, 'I'm going to fix it.' That is not good enough. This government should not be let off the hook.

When the crisis peaked earlier this year with the storms we had the Premier blaming it on the flying foxes and possums—he blamed it on furry animals—and cars. On the weekend he blamed it on the cockroaches. That is what he did. Who is he going to blame it on now? Is he going to blame it on the man from Mars? He is the person who caused this crisis. He caused this crisis because he raided dividends and ignored the warning signals.

What we got from his Minister for Energy, little 'Sir Echo', was a babbling performance on the weekend in the *Courier-Mail*. He stood up in this place this morning and said at the fourth paragraph of his ministerial statement—

Fact: on Friday night Queensland was not importing power from New South Wales at the time ..

He continued—

Queensland is a net exporter of power into the national electricity market via the New South Wales interconnector.

It is now on the public record. What did Mr Robertson, the Energy Minister, say on Friday night when he was contacted by the newspaper while not being able to watch his Arnold Schwarzenegger movie because the power was out? He said, 'Ninety per cent of the time we produce electricity that is pumped into New South Wales.' What did he say in the next paragraph? He said, 'This is one of the few times we are importing electricity from interstate.' They were his own words. He has not got a clue what is going on.

Mr ROBERTSON: I rise to a point of order. That quote was taken on the basis of preliminary advice that I received during the blackouts that occurred on Friday night which I subsequently corrected the next day when I received a full report.

Madam DEPUTY SPEAKER (Ms Male): Order! There is no point of order.

Mr SPRINGBORG: The next day when he got the power bosses together as part of his little stunt to give them the dressing down—he put on his aggressive 'I'm not very happy' face and 'my patience is wearing very thin'—they had a chance to concoct their story. That is what he said; that is what he is saying now. Queenslanders know a pork pie when they hear one, and they are getting a lot from this government. They are getting a lot from this government and they are getting a lot from you. This morning we saw the Treasurer's hand well and truly along your back and manipulating your mouth with regard to the dividend taking.

Madam DEPUTY SPEAKER: Order! The Leader of the Opposition will direct his comments through the chair.

Mr SPRINGBORG: Madam Deputy Speaker, the minister knows full well the truth of this matter. A couple of weeks ago when we raised our concern over the maintenance scheduling in the state of Queensland with regard to the number of power stations or units that were offline due to routine maintenance condensed within a three-month period—maybe it should be spread over a six-month period—and the fact that a number are lying idle because the spot price was not necessarily good enough to justify their running because it was not at a so-called economic level and because of the breakdowns, we said that if there was a grid failure somewhere or if there was a unit failure Queensland would face a blackout.

But, no! What happened? Mr Robertson and Mr Beattie said, 'There's not a problem. We've got 30 per cent excess production over demand.' Maybe on paper that is the case if all units are up and running at the time. That is what they said. However, what we saw on the weekend put a real cloud over this government's management of the electricity industry. A switch going out 600 or 700 kilometres south of the Queensland border in the Hunter Valley blacked out 250,000 Queensland households right from the Gold Coast through to Cairns and out to the Darling Downs and all areas in between. That is what basically happened. It is beyond the pale to believe that we were generating so much electricity that it went down there and that is what basically caused the problem. As the minister said on Friday night, Queensland was actually importing at the time. He has since turned around and said that Queensland was exporting at the time.

Let us also look at what the Premier said. On 3 August when we raised this issue—and it was echoed by the minister as well—the Premier said—

If you do not have a national market, you do not have an interconnector. If you do not have that, you do not have backup.

That is what the Premier said. The interconnector exists. Queensland is supposed to have surplus generating capacity—and on paper it does—but if the system fails in New South Wales Queenslanders are subjected to blackouts. Maybe if we did not have the interconnector on the weekend we would not have had blackouts.

Mr Mackenroth interjected.

Mr SPRINGBORG: I am not saying, Treasurer, that we should not have the interconnector. I am saying that there are a whole lot of problems with regard to the logic of your argument, and you know full well that that interconnector process started under the then Goss government. It is a part of the national electricity marketing program, but that does not mean that Queensland does not have an obligation to run its electricity industry to the satisfaction of its own electricity consumers, and that is what the minister responsible for electricity in this state has not done. He has failed. He has failed, and he has failed very badly. He was running around stunned and shocked and mesmerized not having a clue what was going on during Friday night and now he has had time to concoct a story.

We know the misery that has been caused for power consumers in Queensland by this government. We know the misery that this government caused Queenslanders last summer with regard to its mismanagement of the distribution network. People were stumbling around staircases with candles. There were situations where people had to throw out spoiled food. Nobody says that there are not going to be failures in a distribution network caused by a so-called act of God. But when a government has been complicit in worsening that problem because of its mismanagement and lack of investment, that is the problem. What did we have from Mr Beattie earlier this year? The Minister for Energy knows this, because the Premier went out there and spoke about the flying foxes, the cars and the possums. He said that that was where the problem was. Do members know what the Somerville report said? The Somerville report said that as a proportion of outages the actual effect of those acts of God had diminished. Rather, it was due to a lack of maintenance and refurbishment that we had the problem. If I remember rightly off the top of my head, some 57 per cent of the outages were due to that lack of maintenance. So the government caused those problems by its dividend raids.

Now we have Mr Beattie and his ministers making Pinocchio jealous. That is what they are doing, because every time they open their mouths on this issue in this state they are fibbing. They are fibbing! They are fibbing, and the people of Queensland are paying for that. This morning we heard a whole lot of

rot in here from the Premier when he stood up and said that he is the most accountable Premier that Queensland has ever seen leading the most accountable government that Queensland has ever seen—ad nauseum. Well, when one starts to scratch away at the surface one sees the level of that accountability, and I will have more to say about this subject in a little while. The opposition put in a freedom of information request in relation to the electricity industry in Queensland and its operation. We wanted copies of board minutes from Ergon and Energex and briefing notes that went backwards and forwards between those board directors and ministers and board chairmen. We wanted that. We asked for it. One would have thought that that was our right.

But do members know what 'Mr Accountability' actually did? Do members know what 'Mr Self-Anointed Accountability'—the only person in the world ever to preside over his own coronation and put the crown on—has actually done? Some 256 pages came back to us and 111 of those were blank. That is a great FOI release, isn't it? A fantastic FOI release! I will hold it up so members can see it. That is a great FOI release. There are 111 pages of that. Another 65 are partially blacked out. Included in those 256 pages were minutes of board meetings where the payment of special dividends was discussed. However, we do not know what they talked about. We subsequently know that on at least one of those occasions Mr Mackenroth was advised of the opposition of Ergon and Energex to the payment of a special dividend. We know that. We also know that in another meeting a chairman came up to him and said, 'Terry, have we got a deal for you. Here's a cool \$150 million. Just slip it into your pocket.'

But what was actually in there? The best defence that the Premier could come up with was that some of those pages were made available to the Auditor-General. Maybe some of them were, but why can't we see them? Which ones were made available to the Auditor-General? Maybe we should have access to the ones that were not made available to the Auditor-General as the opposition and maybe the people of Queensland should have access to those as well. This was a government cover-up. We know what the Auditor-General said with regard to those special dividends. We know what he said about that. He said last year in his report that they could be criminal—they could be against the law—but that is a matter for the courts to determine. Do members know who has the responsibility to take that particular legal action? The shareholders of the companies. Who are the shareholders of the companies? The two shareholding ministers—the Minister for Energy and the Treasurer. They are the ones who have the responsibility to pursue the legal action that could arise from the illegal taking of those dividends. Can members imagine them taking legal action against themselves? No way whatsoever!

We have also heard enough from Mr Beattie about these boards. We know that these boards were not up to the job, or were they? They were up to doing the government's job. They were put there to do the government's bidding. They were put there to siphon off the dividends from Ergon and Energex and the power companies and put them into Mr Mackenroth's own coffers because at that stage he was suffering two budget deficits in a row and looking down the barrel of another one.

We also know through FOI that the electricity industry in Queensland has \$4.6 billion worth of debts. We also know that in the 2001-02 year the government took more than 95 per cent of Ergon's dividends equivalent. It made a profit that year of \$107 million and in tax equivalents and dividends the government took \$320 million—a dividend take ratio, according to the Productivity Commission, of 243 per cent, not 95 per cent. We have had enough of this Pinocchio dark state. It is about time they started to tell the truth.

Time expired.