



Speech by

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ELECTRICITY SUPPLY

Mr HORAN (Toowoomba South—NPA) (3.51 p.m.): Today we have witnessed one of the most hypocritical stunts one could ever imagine but one that we have become used to with this Beattie Labor government. There has been an absolute failure by the Beattie Labor government to provide one of the essentials for Queenslanders—that is, reliable power. After all of this, the government wants us to commend it for the action it is taking to try to fix up the absolute mess that is there purely because the Labor government took its eye off the ball and purely because the Labor government appointed shareholding ministers who did not have the interest or the ability to ensure that the boards were delivering what they were supposed to be delivering. It is further complicated by the tangled web of appointments to these boards that occurred under the Labor government of Labor cronies and Labor mates and unionists rather than appointing people with engineering or electrical engineering experience or the highest levels of management and accountancy skills.

This is symptomatic of the failures of the Beattie Labor government. It is symptomatic of a government that has been there too long and deserves to be tipped out. It is symptomatic of a government that has become arrogant with its massive majority. It is symptomatic of a government that is too concerned with propaganda, PR and everything else which took its eye off the ball. Therefore, the big issues like power have been neglected. This follows on from the absolute disgrace and the failure by this government to look after the children at risk in this state. For years and years we have ranted and raved about that issue in this parliament and eventually the media picked it up. As a result, this government was forced in shame to inject literally hundreds of millions into the care of those children in need—children in different categories of risk on the waiting lists just simply waiting for care, protection, assessment and some help. Rather, this government was spending hundreds of millions of dollars on PR, publicity stunts and the 900-plus people in the Premier's Department. It forgot about the children of this state who need care and protection, just like it has forgotten about the power system in this state.

This morning the Premier and the member for Nudgee pulled the stunt of saying that we voted against debating the issue of power. Let us set the record straight. They moved for a notice of motion to be moved in this parliament. No-one on this side of the House—National, Liberal, Independent or One Nation—had any idea of what that motion was about. No-one was told. We were ready for the MPI debate, and an issue that was to be raised during the MPI debate was the issue of power. We were ready to debate that during the MPI debate. We know what kinds of stunts the Premier pulls. It was just as likely that he was going to get up and move some sort of crocodile motion just to divert public attention away from the disaster that he has presided over for the past six years. So let us set the record straight. We are quite happy and prepared to debate this issue, but we will not fall for the stunts pulled by the Premier in moving any sort of motion. It is our right to vote against a motion when we have no idea of what that motion is going to be about when it is put to the parliament.

Many people on the other side have spoken about the generating capacity and how there was sufficient generating capacity. The point they have missed about the mismanagement of this whole issue is the distribution system. One only has to look at what the Premier tabled today about how it is going to be fixed. A number of transformers, substations, transformer lines and so forth have to be put in place to try to

get power to people who have been suffering these blackouts and brownouts for some six years. It is like building a big dam which has plenty of water but no reticulation lines or lines that are far too small which cannot get the water through. That is part of the problem that has occurred. That is an indication of the mismanagement that has occurred and the lack of planning. We all know how many people are coming over Queensland's borders and we know that the birthrate is increasing and therefore our population rate is increasing. There are an extra 80,000 people in south-east Queensland every year. One would think that the government and the shareholding minister would be on the ball. One would think that they would be demanding, 'What's the plan? What's going in? What's the infrastructure? Can we cope with it?'

There have been many letters from members of parliament and there have been media stories about the blackouts and brownouts. One would have thought that they would be demanding some answers then. But, no, it is only when the crisis occurs that the government comes out with more of these apologies. The people of Queensland are sick up to their back teeth of apologies from this Premier. It just does not work anymore. They see it for the stunt that it is. The government cannot keep messing everything up. It cannot keep being unsuccessful and a failure at the basics of government and then come out over and over and over again and offer an apology. The Premier cannot keep saying, 'It is all my fault', and that his government is going to go out and fix it.

One of the important things that we have to drive home and sheet home today in this parliament is that this government has failed. This government has failed in the provision of proper, functional electrical distribution in this state. There is a mess, and the mess has to be cleaned up. We will support the mess being cleaned up, but let us not avoid the mess. If we are not going to have this problem in future, then we have to work out why we have a mess of this proportion now. The government had to commission a report on this whole issue—the Somerville report—when it could have been listening to what was coming through the media and what was being said by members of parliament complaining about the brownouts occurring.

The member for Warrego mentioned them in this debate. The member for Cunningham will tell members about all of the problems on the Darling Downs. There have been problems through all areas of Toowoomba over a period of time. There are problems all over the coast, the south-east corner, north Queensland and everywhere else. They are all there, and the lack of management and lack of functionality has brought this all about. There is a big responsibility on governments for a number of important things, and water and power are two of those. On both of those issues, this government is failing. I have heard members on the other side talk about the brownouts that occurred in the Borbidge era. I can tell them what happened when we came into government in the early months of 1996: we inherited a rust-bucket system. After years of the Goss government, maintenance had not occurred. There had not been one single power generating facility put in place. There was absolutely nothing. There were breakdowns in those great big convoluted boiler pipes through corrosion and so forth. It was an unbelievable problem. It was a rust-bucket status.

The difficulty, of course, is that there is a five-year time line from starting to build a new power station until it is up and running. Therefore, we had to bring in immediate short-term facilities to generate power—projects like the one at Oakey and the one at Townsville which a member opposite slammed. Those power facilities had to be put in place because it was a matter of urgency and emergency to get short-term increased power. Even though it was expensive, there was not enough generating capacity because, once again, Labor had taken its eye off the ball and we were in a desperate situation. Yes, we had brownouts because of the rust-bucket state that some of those facilities were left in and because there was no other generating capacity that we could bring in whilst we closed down those units to repair them in very complicated and urgent circumstances. That is what we inherited. That always happens: we inherit a Labor mess and we have to fix it up.

I turn now to how this whole crisis has come about. I have mentioned the boards. We need people with electrical engineering experience and people who can understand the needs of the industry on these boards. I do not think that we want people with strong Labor Party links or union links, like the Teachers Union delegate Grace Grace from the ACTU, on these boards. We want on these boards people who know and understand electrical distribution, who understand management, who understand project management and who understand the massive cost of putting in place this infrastructure. If anyone in this parliament or anyone in the public read the *Courier-Mail* article on Saturday, 31 July about old Labor mates sharing power, they would know that that is one of the fundamental problems that exists in the management of the electrical industry in this state.

That brings me to the issue of the dividends and particularly the special dividend. Members have said that the Somerville report said that the dividends had no real bearing on this crisis and that there was ample money to pay the dividends. Any average person could look at the situation and see that the electricity companies were desperately short of money to put in this whole plethora of transformers and substations that the Premier now says are urgently needed. Anyone could see that. The average bloke in the street could see that. We do not need some highfalutin report to tell us otherwise. Anyone with a bit of sense and logic would know that there was not enough money to put in place these important parts of the

distribution system—either that or the companies did not know that they had to put in the distribution systems and, therefore, did not allocate the money.

So there has been a major fault. How did that come about? There is no doubt that back-room pressure was put on some of these Labor apparatchiks who were on the boards to boost the budget for those two years of the last term of the government when there were massive budget deficits. I heard that the Treasurer and Deputy Premier was on radio saying that the chairman of one of the boards came to him with the idea of this special dividend. Can members imagine a chairman of a board coming along and saying, 'Look, I have found a way in which we can take more money out of our company and give to you'? Could members imagine a chairman saying that? The other point to raise is that those assets of that company had to be revalued and borrowings undertaken to make that special dividend payment to prop up the Mackenroth budget. I doubt that it is correct to do that because a director is not able to borrow to pay a dividend. How come this company had to revalue its assets and increase its debt levels to pay a special dividend to the government? A director of a private company would not be able to do that, because a director is just not allowed to borrow money in order to pay a dividend.

I believe that we have to concentrate on the issue of the infrastructure that has not been put in place. It obviously has not been put in place because the money was not there. The electricity companies have been used as milking cows. Money has been siphoned off to the government. The members opposite can say what they like about the Somerville report; they can say that it did not have any effect. I disagree with that absolutely. We could use any logic we like. We can see by the Premier's statement, which was tabled in the parliament today, that there was a massive and emergency need for so much equipment. I will read out some of the equipment that has been listed: \$85 million for distribution assets, including 23 new power transformers for zone and bulk supply substations and the upgrade of 92 11 kVA feeders and 350 distribution transformer upgrades. Why was that not done before? Because all the money had been hived off in a special dividend to the government! On top of that, Energex has purchased 12 large mobile generators to provide short-term relief in heavily storm-affected areas.

We have even seen the charade of businesses in town being encouraged to put in generators and to connect their generators to the grid. That is how bad it is. It is almost a Third World situation in that the government is asking major businesses in Brisbane to hook their emergency generators up to the grid because the government of the day, through its electricity distribution companies, is not able to guarantee and provide enough power in those areas—not because it is necessarily a matter of not enough power being generated, but because the infrastructure, the distribution systems, the transformers and the substations are not in place to handle the load.

The Somerville report spoke about a lack of service standards. So after six years of government, the service standards are not right. Obviously, the shareholding ministers were asleep at the wheel. The Somerville report spoke about the lack of expenditure. That backs up my argument that this special dividend and the other dividends being given to the government just did not leave enough money by which to put in place the transformers and so forth.

One of the interesting things about this debate and one of the interesting things about the Beattie Labor government is that it is never anybody's fault. It is not the Premier's fault, it is not the Treasurer's fault, it is not Mr Lucas's fault, it is not Mr Robertson's fault, it is not Mr McGrady's fault and it is not the board's fault. It is no-one's fault. The member for Nicklin spoke about this matter. At the end of the day, who is responsible? Our leader talked about the need for ministerial responsibility. I remember that when Mr Barton was the Minister for Corrective Services he talked about wanting to have his hands on the levers when it came to Queensland corrections, which was one of those government owned corporations—Q Corr. He changed that government owned corporation back to a department because he wanted to have his hands on the levers. He wanted to take a bit of responsibility for it. We supported him in the parliament on that, because Queenslanders want to see someone who is responsible.

At the end of the day, who is responsible for this mess? It is certainly the government. But ministers have just walked away scot-free. We saw that happen with the poor kids who were in need of care. Everyone said, 'It's not me, it's not the director-general, it's not the ethos in the department, we just need more money.' The government did not need more money; it needed a bit of talent and managerial ability at the top. That is what the government needed.

The amended motion that was moved by the opposition notes the report and it outlines the disastrous state of the electricity distribution network in Queensland, because that is what this report showed. We condemn the mismanagement of the electricity industry in Queensland by the Beattie government. A government that has failed this badly should be condemned. The members opposite should hang their heads in shame if they are not prepared to condemn themselves for their absolute failure. The amended motion calls on the government to implement urgent action to rectify deficiencies in the distribution network, in the communications system and in the management of the system. The amended motion further calls on the government to cease taking dividends from the electricity GOCs so that they can invest in the appropriate equipment and systems. I suggest that those dividends should be ceased until the system is fixed, until the system has reserve power, until the system is coping with growth and

until the system is coping with the needs of those people who live in regional and rural areas of the state as well as the heavily populated areas of the state. The opposition's amended motion also asks that a time line be set for the distribution system to be restored to a safe and reliable state.

The opposition has also demanded that the government clean out the existing failed boards that have been compromised by the appointment of Labor cronies. Today we heard that the money that Grace Grace receives for being on five separate boards goes straight back to the union movement and, no doubt, straight through the washing machine and into the Labor Party in the form of donations come election time. I ask members to look at the system and the way in which this Labor Party works the system. I have spoken before in this parliament about all the grants that the government gives out through the Department of State Development. The amount allocated for grants has been lifted from \$3 million to some \$84 million. Those people who receive grants are then put on the Labor Party's database and are asked for \$1,500 to attend as an observer at Labor's annual conference, or to attend a Treasurer's breakfast. The government has given money to all of those people through its grants systems where it picks winners and losers. What a good income stream the government has developed to prop up its election campaigns. Here again we see taxpayers' money paid to a union official and then paid from that union official back to the union, and then paid back to the Labor Party.

There is a tangled web behind all of this business with the boards, and the end result for the taxpayers of Queensland, sadly, has been that many of them have missed out on power at urgent times. People have had their freezers go off. Shops have seen goods spoiled. People in business have had all sorts of problems—water problems, pumping problems and so forth.

In the couple of minutes remaining to me I will set out some interesting matters regarding the power blackout on Friday night. I have not concentrated much on that, because I think the problem was well and truly there before Friday night. Friday night was a major blackout and put everything back in the news again, but this crisis was there before Friday night. The people of this state and those who understand the distribution system, the national market and so on really wonder how people in Townsville and other areas of north Queensland could get cut out of power when something trips out down in the Hunter Valley. People in the southern end of the state might think it could happen to them, but people in the north of the state—half a continent away—lost their power as well. How ridiculous is that, when it was caused by something tripping out down in the Hunter Valley?

No-one seems to know what happened. We heard from the managing director of the National Electricity Market Managing Company, NEMMCO, that power was flowing south over the border to New South Wales at the time of this incident. We have also heard from Powerlink that at the time of the blackout on Friday night we were actually importing power. No-one seems to know which way the power flow was going. Certainly that is another area that needs fixing up. I think it is about time we got to a system, even if it is a national system, whereby north Queensland is not affected by something tripping out down in the Hunter Valley.

I will conclude by summarising this whole issue. It has been a disgrace and a mess. How could we commend the government, as it wants us to, for such an absolute and shocking mess? It is on the same scale as the neglect of children in care during the previous term of the Beattie Labor government. This mess has to be fixed. It will be fixed only when we isolate and identify where to lay the blame. There is no doubt that it is at the top, with the shareholding ministers.