



Speech by
Neil Roberts

MEMBER FOR NUDGEES

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ELECTRICITY SUPPLY

Mr NEIL ROBERTS (Nudgee—ALP) (3.36 p.m.): I was quite amazed at the behaviour of the opposition this morning. On the way into parliament today I listened to the Leader of the Opposition saying how important this issue was, that this was going to be the big issue for debate in the parliament this week and that they would be taking the issue up to government and questioning government ministers about their accountability for the issues that have been identified in the electricity industry. So what did the government do first up this morning? We gave the opposition the opportunity to speak about this issue and what was their response? They opposed it. How serious is the opposition when they had the opportunity this morning and they opposed it?

Mr HORAN: I rise to a point of order. We take offence to that. The motion was not put before the parliament. We had no idea what the motion was.

Mr SPEAKER: There is no point of order.

Mr NEIL ROBERTS: Anyone who did not expect a motion or an opportunity to debate this issue today does not deserve to be in this parliament. I am absolutely astounded that this opposition opposed an opportunity to debate this issue in this morning's parliament. That is on the record. No matter what they say that is what the facts of the matter are. The reality is they were not ready; that is why they did not want to debate it, despite all the rhetoric that the Opposition Leader put before the media this morning. I am very pleased to stand here and support the Beattie government's plans to fix the state's electricity distribution system. As the Premier outlined, the government will implement the 44 recommendations of the Somerville report and will also provide the money to do this.

In recent weeks there has been a lot of misinformation and hysteria generated about this issue. Much of it is based on false premises and what can only be assumed to be deliberate attempts to distort the facts. I want to deal with a few of those issues in my contribution to this debate this afternoon.

If we listen to the doomsayers in the Liberal and National parties one would believe or think that the electricity system is about to collapse. Amongst other things, they claim that there is not enough power to serve Queensland's electricity needs, that the distributors Energex and Ergon have not had enough money to properly maintain their networks and, astonishingly, that the GOC framework is responsible and the Opposition Leader has vowed to abolish it and return the industry to government departmental status if they are returned to government.

All of those assertions are false and bear no resemblance to the facts. It is important to acknowledge that there are maintenance and capital development problems within the electricity distribution network. The Somerville report clearly reveals that fact. It is also important to note and acknowledge that it was this government which commissioned the report to discover the extent of these issues. We were concerned about the capacity of the distribution network to meet Queenslanders' needs and expectations as highlighted by the outages that occurred earlier this year in the summer storm season. The Somerville panel's report highlighted a number of shortcomings with the distribution sector but also provided a blueprint to fix those problems.

The Premier and Deputy Premier have this morning outlined the steps that the government has already taken to put in place the money and the plans to address every issue raised in the Somerville report. The government has not attempted to hide from this issue or to sheet the blame home to anyone. Our response has been to put our heads down, find the solutions and start the work to implement them.

As indicated earlier, the opposition, which comprises a de facto coalition of the Nationals and Liberals, has claimed that there is not enough power to serve Queensland's needs. What absolute garbage! As the minister and other speakers indicated this morning, Queensland generates more than enough power to supply both its own power requirements and some of the power requirements of New South Wales. The Somerville report says that there are sufficient electricity reserves for several years.

The government has also recently announced the commencement of construction of the 750 megawatt Kogan Creek power station, which will add to this capacity. Queensland currently has a generation capacity of around 10,000 megawatts. The record peak demand set in February this year was 7,934 megawatts, far short of our current generating capacity. Once again the de facto coalition is wrong on this issue.

The opposition has also claimed that the distributors, Energex and Ergon, have not had enough money to properly maintain their networks because of the policy of the government to extract dividends from the distributors each year. Once again, one only needs to go to the Somerville report to discover the dishonesty of this claim. The report clearly states as follows—

The panel examined this matter and found the distributor's ability to spend on the networks was not affected by the payment of special dividends.

Additionally, in a letter to the Premier dated 5 August, the chair of the panel stated—

... the conclusion we reached was that the level of dividends paid to the State Government did not cause either of the distributors to be lacking in the funds necessary to carry out these (maintenance) functions.

Both Energex and Ergon had the opportunity to spend what was required to properly maintain their networks. Both GOCs have continued to post profits year after year and some of that cash could have been appropriated into maintenance activities before final dividends were declared. The government does not direct the electricity authorities on how much they should spend on maintenance. That is a decision they make. There was ample cash flow within those businesses to undertake that maintenance if they choose to do it. Additionally, the Somerville report also said—

Both distributors had investment grade credit ratings and therefore have strong capacities to raise debt in their own right.

I want to reiterate a couple of points made by the member for Lytton, the Minister for Transport, because what he said is important in the context of this debate about dividends. The government only takes dividends from GOCs after they have funded their annual infrastructure investments and operations, including maintenance. They are the technical experts and they know, or should know, what is required. After they have made the decision about what maintenance expenditure they require and at the end of year after they declare a profit, that is what the government takes the dividend out of. It does not impact on a GOC's ability to maintain its own network.

The government regularly makes equity injections into GOCs, whether in the electricity sector, the port sector or Queensland Rail. The evidence is on the record to demonstrate that. The government has never turned down a request for an equity injection from either Energex or Ergon. We have made clear to the GOCs that if they require additional funding for capital programs, such funding would be forthcoming by way of equity injection. This nonsense that the taking of 95 per cent or whatever percentage dividend is responsible for the maintenance decisions that are taken by Energex, Ergon, the ports, the railways is absolute nonsense and does not stand up to proper scrutiny which, unfortunately, is not occurring in the media coverage of this issue.

The Nationals and Liberals are fond of quoting the elements of the report that they like—that is, where there are some deficiencies in the distribution network. They will not acknowledge the other areas that destroy the arguments they are running in the public arena. They cannot have it both ways. If they accept the integrity of the report, which the government does—and I have not heard anyone to date challenge the integrity of the report—then they must also accept the truthfulness of the other issues which undermine the very arguments they are putting in the public arena.

The other astonishing proposal put forward by the National Party is that it will redepartmentalise the electricity industry. This is despite the fact that it was the National Party government, under minister Tom Gilmore in the Borbidge-Sheldon government, who set up the current power generation and electricity distribution system. It was put in place when they were in government.

Mr Shine: They are going back in time.

Mr NEIL ROBERTS: They are going more than back in time. They are going back to a dark age which does not exist in modern economic thinking. I wonder what the Liberals would do with that proposition if they ever got back in government. We all know that for the Nationals to implement this policy

they would have to form another coalition with the Liberals. It is interesting to look at what the Liberals' position was in 1998 when this happened.

Back in 1998 the Liberals were fully supportive of the current GOC structure. In a press statement on 2 January 1998 the then Treasurer and shareholding minister, Joan Sheldon, said 'Queensland is leading the nation in electricity reforms' and 'our new corporations will be even more successful in a restructured marketplace'.

Mr Springborg was not as effusive as Mrs Sheldon at the time but he did say during the debate in parliament on 27 August 1997 that the electricity distribution system his government was introducing was on a far more equitable and a more socially aware and socially conscious basis. Now he wants to junk the lot and go back to the 1980s. That is an amazing backflip. Mr Springborg wants to wind back the clock even further and forget all the reforms that he and his former government so passionately embraced and implemented when they were in government in 1996-97. It is voodoo economics which will not stand up to close scrutiny. I would like to see Mr Springborg table this proposal in a private member's bill. It would be interesting to listen to the debate and see the position the Liberals take on that issue.

I want to say a few words about mandatory performance standards. The Somerville report appropriately identifies that such mandatory standards do not exist and the government acknowledges this omission and intends to fix it. However, implicit in some of the criticism of the government on this issue is the notion that the government has not given clear direction to the electricity industry on what it expects with respect to the assets which they have been entrusted to look after. Nothing could be further from the truth.

In fact, the government has set a very high standard for industry participants to aspire to. I want to quote section 42(b) of the Electricity Act which states that a distribution authority—that is, Energex or Ergon—must—

... operate, maintain (including repair and replace as necessary) and protect its supply network to ensure the adequate, economic, reliable and safe connection and supply of electricity to its customers.

That is a pretty good standard and direction from the government about what it expects of its electricity authorities and the maintenance of the people's assets. However, that being said, we do acknowledge that more specific and transparent performance standards will need to be established. That is exactly what we will do.

The government has taken an entirely different approach to this issue from both the National and Liberal parties. We are looking for a solution. They are looking for a scapegoat. Finger pointing and blame shifting serves only one purpose—that is, to divert attention away from our plans to fix the electricity distribution system. The Nationals and Liberals are hell-bent on getting people sacked as if it will miraculously cure all the industry's problems.

It is not surprising that the Nationals and Liberals would take this approach, because when they were in government from 1996 to 1998 they sacked people at an alarming rate. Earlier in this debate the member for Mount Isa highlighted the hit list that the National Party, with the support of the Liberals, ruthlessly put in place after it was elected to government in 1996. It was sacking innocent people simply on the basis in some cases of a friendship with a particular minister. The Borbidge-Sheldon government during its term sacked four ministers. It sacked the parole board, a couple of DGs, including the Fire Commissioner, and also the QCORR chair. All of those sackings achieved very little and it was left to the Beattie government to try to fix up the mess and its legacy once we were returned to office.

However, despite our different approaches, the Premier has put the boards and management of Energex and Ergon on notice that he wants the problems identified in the Somerville report to be fixed, and to be fixed quickly. The government has responded quickly to the Somerville report and has put in place an implementation plan which firstly requires Energex and Ergon to prepare summer preparedness plans, which the Premier tabled this morning. Additionally, we are going to establish an independent audit of these plans in November to make sure that they are being implemented. We will establish new mandatory service performance standards so that Queenslanders can measure the performance of their electricity supplier. Importantly, we will commit the necessary funds to support the provision of a safe and reliable electricity distribution system. This is a positive and constructive response which stands in stark contrast to the negative approach taken by the National and Liberal Parties, who pray every night for power failures. The government has a plan to provide a safe and reliable electricity distribution system. We will leave no stone unturned in ensuring that it is delivered. I support the Premier's motion.