



Speech by
Neil Roberts

MEMBER FOR NUDGE

Hansard Tuesday, 23 November 2004

**ELECTRICITY AMENDMENT BILL; ELECTRICITY AMENDMENT BILL
(NO. 2)**

Mr NEIL ROBERTS (Nudgee—ALP) (9.36 p.m.): It has been quite interesting listening to the member for Toowoomba South in particular make assertions about the Labor government milking Energex and Ergon for cash. Talk about the pot calling the kettle black! In the two so-called golden years when the coalition was in government it ripped \$850 million out of the electricity industry—\$850 million in two years. The opposition totally lacks credibility on that issue.

Mr Wilson: They do not have an answer.

Mr NEIL ROBERTS: They cannot answer it, because no-one has come anywhere near ripping that amount of money out of this industry. Following on from the member for Toowoomba South, I take this opportunity to pay tribute to the workers, the field workers in particular, in Energex and Ergon. I had a fair bit to do with many of those people in a former life and can really attest to the fact that there is a culture within the electricity industry such that when the chips are down, when the storms are out there and the power is out, people put their heads down and work until the power is restored. It is quite a dangerous situation, and we should pay tribute to them and thank them for their dedication, because they put in a great effort whenever they are required.

As I have indicated, there has been a lot of discussion in this House and in the media about the state of Queensland's electricity system. Much of it, illustrated by the speeches from a number of the members opposite tonight, is based on misinformation and deliberate misrepresentation of the facts. Following the intense storm season—it was an extraordinary storm season early this year—the government initiated an independent review, which has been referred to by a number of speakers, into the performance of our distributors, Energex and Ergon. The resultant Somerville report identified a range of measures that needed to be taken to improve not only the performance of our distribution network but also the quality of the service received by consumers.

Following the release of the report, the government put in place an action plan to ensure that the recommendations in the report were implemented without delay. Since that time there has been a significant injection of funds into maintenance and capital works activity to upgrade the network and distribution equipment and also to accelerate maintenance activities, particularly issues like vegetation management, in preparation for this year's summer storm season.

As I noted earlier, a lot of the debate and commentary on the state of the electricity system has been based on misinformation and a lack of understanding of the industry and the government's relationship with its GOCs. There are two recurring themes in this misinformation which need to be corrected.

The first issue, which I was surprised to see perpetuated again in a recent article in the *Australian*, is that Queensland does not have enough electricity supply. The facts are that Queensland has an excess supply of electricity and regularly exports electricity across the border to New South Wales. In fact, I checked the figures and in Queensland today we had 8,556 megawatts of electricity available for distribution throughout the state, with an estimated maximum demand of 6,530 megawatts, giving us a

31 per cent margin. The total capacity of Queensland's generation system is, in fact, 10,132 megawatts, which is different from the day-to-day availability due to units being offlined for maintenance, et cetera. Therefore, the issue of Queensland not having enough electricity is absolute bunkum.

The second issue that needs to be corrected is the claim that the extraction of dividends from the electricity GOCs has impacted on their ability to undertake the maintenance and capital works programs necessary to upgrade the system. Again, this claim is debunked totally in the independent report prepared by Darryl Somerville and his committee. The report states—

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

Further to that, in a letter to the Premier dated 5 August, the chair of the panel, Mr Somerville wrote—

... 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.

Despite all the argument and the public statements on these issues, I have not heard one person, either inside this House or outside this House, challenge the integrity or the quality of the information contained in the Somerville report, or the findings of the panel that compiled it. Therefore, it is disturbing that these fundamental untruths, particularly on the issue of dividends, continue to muddy the waters of the debate on the state of our electricity network. If ever there was a red herring in the current debate, this is the biggest of them all.

The facts outlined in the report cut through the noise and the mischief that has diverted attention away from the actual state of the network. Far from describing a network in crisis, in fact the Somerville report describes a network that, although under pressure in some quarters, is still delivering a reliable electricity supply to Queensland consumers and industry.

The government's dividend payment regime is intended to impose a commercial discipline on our GOCs in the same way that the private sector does. GOCs are required to justify the expenditures they make and, if an appropriate business case is made out, the government has a proven track record of providing the equity injections—that is, the cash—that is required to undertake appropriate capital works and maintenance projects.

As I indicated earlier, it is interesting to listen to the opposition whip up the issue of dividend payments. As I have said, they must have been transformed on the road to Damascus because when they were in government they ripped \$850 million out of this industry in the short time of only two years.

Among the key recommendations of the Somerville report, which are picked up in these bills, is that electricity distributors need to focus squarely on improving customer service outcomes. By implementing a strict regime of minimum service standards and guaranteed service levels, Ergon and Energex customers will be assured of an improved level of service delivery. The approach is not entirely new because both Ergon and Energex have been voluntarily applying service standard regimes for some time.

The bill provides for the mandatory implementation of minimum service standards and guaranteed service levels across both distributors. The minimum service standards will focus on promoting improvements in the average reliability performance of the distribution networks and will cover reliability measures relating to the average number and duration of interruptions across the network in a given year.

The time lines for implementing the new standards have drawn some criticism from the members opposite. However, a system of incremental but significant improvements over a five-year period will ensure that the distributors are focused on improving the reliability outcomes for consumers and deliver for Queenslanders a much improved and reliable electricity system.

Guaranteed service levels will target the delivery of direct services to individual consumers and if Energex or Ergon fail to meet the required standards individual consumers will be entitled to a rebate on their electricity bill. Those standards will cover areas such as new connections, reconnection of supply, wrongful disconnection, notice of planned supply interruptions and keeping appointments with customers. Any disputes about whether a rebate is payable to a consumer will be settled by the Energy Consumer Protection Office. As I have said, the new minimum service standards and guaranteed service levels build upon the existing voluntary schemes already in place with Ergon and Energex and will greatly improve the level of service and reliability of our distribution network.

I conclude by making a few comments on the Electricity Amendment Bill which delivers on a key policy commitment of the government, which is to require electricity retailers to source at least 13 per cent of the electricity they sell from gas-fired generation from 1 January next year. One of the key benefits of the scheme is a significant reduction in greenhouse gases and, when combined with the government's support of a new gas-fired power station in Townsville—a project that the National Party has severely criticised, particularly the pipeline supplying that gas—the scheme will deliver a reduction in greenhouse gasses of around 26 million tonnes over 15 years.

Another significant but smaller aspect of the bill is the provision relating to the transfer of employees of an electricity authority to a subsidiary corporation, which both Energex and Ergon have established in

recent times. The bill will ensure that such employees retain their previous employment conditions. It is another example of how the Beattie Labor government is taking extra steps to protect the interests of employees in the industry.

Both of these bills advance the interests of consumers of electricity across Queensland. As well as mandating improvements to the service customers will receive from their electricity distributor, the bill entrenches another step in the government's endeavours to minimise the harm being caused to the environment by greenhouse gas emissions. Accordingly, I commend both bills to the House.