

ELECTRICITY CORPORATIONS AMENDMENT BILL 2013

Second Reading

Resumed from an earlier stage of the sitting.

MR C.J. TALLENTIRE (Gosnells) [2.47 pm]: Before question time I was lamenting the failure of the government to allow debate on the need for a business case to be mounted for these electricity sector reforms. After seeing the content of the Electricity Corporations Amendment Bill 2013, it is apparent that there would have been other ways to tackle what the government is about to do here. There may not have been a need to have an amendment bill come to this place to achieve a degree of unification, with adequate ring fencing, between Synergy and Verve. Yet the government wants to do this by legislation and then implement some ring fencing so that there cannot be any collusion, but there are some constraints on the power of the new body. I understand the new body will be called Synergy. Quite confusingly, Synergy and Verve will merge but the new body will be called Synergy. I believe that will dominate the electricity sector in the south west interconnected system to such an extent that the role of independent, privately owned and privately operated generators—often renewable energy generators and fossil fuel generators—in the future system will be quashed by this massive organisation about to be recreated. When I look back on the need for the reforms that led to the disaggregation of the old Western Power, it was all about separating out because it was impossible for an independent operator to come into the market. It was too difficult for renewable energy generators to come in.

My particular interest relates to renewable energy generators. Global investment in renewable energy generation is around \$260 billion, as put out by Bloomberg. That is \$260 billion worth of investment in renewable energies from around the world. The Sustainable Energy Association of Australia says that Australia is set and well positioned; that we are naturally endowed to be the Saudi Arabia of renewable energy. Why then do we want to jeopardise the rise of renewable energy in our south west interconnected system and across the whole Australian energy generation sector?

The issue of how the market is designed is also at the core of this. We have seen a system developed that does not look at the spot price. I compare that with the national electricity market on the east coast where there is something approaching a spot price that enables electricity generators to work out how their business model can work and whether they can be in a market with that sort of contestability that the sector here is crying out for.

Dr M.D. Nahan: To a large extent that is because the market structure put in place in 2005–06 was different fundamentally from the market over east, which was an energy-only market. This is a bilateral contract market. It was a function of the choice of the market.

Mr C.J. TALLENTIRE: Thank you for that minister, but the point is, if we want to change things at the moment, the merging of Synergy and Verve is a separate issue; it is not the issue now. We should be looking at moving towards the more spot market–rate system.

Dr M.D. Nahan: I agree with you.

Mr C.J. TALLENTIRE: Then we would have a more sound base for individual operators to come into the market. The minister agreed with me about that, but that is not what the government is doing here. It is not seeking to create a spot-market situation, is it?

Dr M.D. Nahan: We are not changing the market rules at all.

Mr C.J. TALLENTIRE: Yet, that would be the priority. Rather than messing around with this merger of Synergy and Verve, the government should have been looking at the actual market model. That would have made sense and I think that is what the minister was agreeing with me on. The system that would bring about a spot-market rate would have been a better way to go.

Dr M.D. Nahan: We have to have a debate about the changes in the market and whether we go to a national energy market is a good debating point. But we have to do that steadily and we have to debate it because it is extremely complex.

Mr P.C. Tinley: So that won't be urgent then?

The SPEAKER: Member, just continue please.

Dr M.D. Nahan: There is no bill before us. We are doing one thing at a time.

The SPEAKER: Minister!

Mr C.J. TALLENTIRE: Thank you, Mr Speaker, but I think the minister's interjection was useful. I think we are of a similar mind. Yes, good debate around it would have been useful; we can do that, but we need a good

debate around a greater priority—the sensible issue of the design of the market, rather than this desire to rush through merging Synergy and Verve, which does not seem to make any sense at all.

I want to say a little about some of the renewable energy options available to us in Western Australia. I have already declared my membership of the Sustainable Energy Association of Australia. I also declare my membership of an association known as Sustainable Energy Now, which provides useful information, and is doing modelling, on how we can meet our energy demand. Interestingly—I think the minister made this point in his second reading speech—at the moment, demand for electricity is in decline. I detected a tone of regret that there is a decline. I think it is a good thing.

Dr M.D. Nahan: The estimates are that only 30 per cent of that is due to photovoltaic usage; therefore, the other 70 per cent is due to technological change and people deciding to turn off electricity, and that is good.

Mr C.J. TALLENTIRE: That is a positive sign after years of campaigning for greater energy efficiency and telling people that one of the best ways to reduce electricity demand and reduce greenhouse gas emissions is to become more careful with our usage and choose better, more efficient appliances. I welcome that our electricity demand is declining. I realise that poses something of a problem for the government if it means revenues from a corporatised entity that is tasked with making a profit out of the retailing of electricity, and profits, are dropping because consumers are not demanding as much electricity. But I think it is a good problem because it also means that we do not need the same level of investment in electricity generation. That investment can be targeted elsewhere. That is surely a positive thing.

When looking at some of the renewable energy initiatives in Western Australia at the moment, I think of the wave energy systems that Carnegie Wave Energy is developing. That is an exciting option. It has the potential to be commercialised. I would hate to think that what we are doing here with this re-merging of Synergy and Verve, creating this monster on our south west interconnected system, would in any way hamper an independent, highly innovative, new technology company such as CETO coming onto the market with its system. It is still trialling its system. It is fascinating. Mr Speaker, you may have had the opportunity to see some of the trial work going on in Fremantle. A buoy moves up and down with the swell of the ocean. That drives water through pipes and then turns around turbines. That sort of technology, interestingly, is an assemblage of technologies that are already available. It is not inventing something totally new; it is a reconfiguration of existing technologies. Its applications are just tremendous. We would love to see that sort of thing on our south west interconnected system. According to a brochure that Sustainable Energy Now has provided me with —

Carnegie Wave Energy estimates that there is enough wave energy along WA's coastline to provide baseload electricity more than five times the SWIS peak demand.

That is the potential. Maybe we do not need that amount of electricity along the whole of the WA coastline and we could designate certain areas as inaccessible. Let us keep that in mind and look at some of the other riches that we have in this area. Yes, they are new technologies and they are yet to be fully commercialised but we are not far away from that moment. I think we are getting closer. We need to design the system not for the old view of things—that is what I fear is going on with this merging of Verve and Synergy—but we need to be designing things for new technologies. That is how we should be designing our market system and that is how we should contemplate any discussion in this place around electricity sector reform.

Let me turn to another form of renewable energy generation—concentrated solar thermal. This is where mirrors reflect on a tower configuration, quite often, that then heats up a salt substance, turning it into a very hot liquid substance. That is used to boil water and generate steam, which can drive turbines and produce electricity. This form of solar technology is particularly useful because we are not limited to daylight hours when we have the potential to harness the heat from that molten salt substance. We can use that over an extended period, so we get away from that fear when people talk about photovoltaics and needing the sun to be shining otherwise we have to store the electricity. With concentrated solar thermal, electricity generation occurs over an extended period and therefore we can talk about a baseload form of generation. This is the sort of thing that this bill should have been incorporating and anticipating. Instead we have this huge monster coming onto the grid that will predominantly use the old technologies, not the new technologies. With the potential available energy from concentrated solar thermal—this is really startling—it is estimated that all electricity demand on the south west interconnected system could be supplied by just 200 square kilometres of solar thermal collectors in sunny, clear sky areas. We could so easily generate all our electricity needs on the SWIS and not even need to look at other things. I would not recommend that; I think we need a diversified system.

[Member's time extended.]

Mr C.J. TALLENTIRE: Diversification is the key to this. Diversifying the types of technologies generating electricity is vital. We also need to diversify the ownership of those organisations involved in electricity

generation. We get back to my real fear with this legislation—that it will create this single entity that will overwhelm all others. I am sure that we will get back to a situation in which companies have great innovations and great plans for the future with renewable energy technologies. They will come to me and say, “Unfortunately, because of the power of this new entity that is to be known as Synergy, we can’t get access to the grid. They are squeezing us out and preventing us getting onto it”, or they may say that the offtake agreements are just not there because Synergy has swamped the market so they cannot get in. That is my real fear about this legislation.

I also know that this legislation contemplates allowing Horizon Power—that body that came out of the disaggregation of Western Power—to come into and be a player in the south west interconnected system. I am concerned about that because at the moment Horizon, as I understand it, is a major beneficiary of the tariff equalisation contribution subsidy. It would be very strange if an entity, Horizon, acquired public money as a subsidy fund through that TEC arrangement, came into the SWIS and then competed on the SWIS. I do not think that would make sense. It just does not seem to be a sensible way of applying a public subsidy. I recognise that the current arrangement for the TEC to keep prices down for consumers in the Horizon Power grid areas is an objective that government has had for a long time to make sure that electricity prices are fairly uniform across the state, not across just the south west interconnected system.

This legislation also fails to anticipate a whole lot of things around smart grid technologies. I know that the minister has announced some trials. The Perth Solar City project looked at the potential for a central body to control the use of air conditioning in a person’s home, and energy conservation benefits go with that. That sort of thing is fascinating; it is great. I think we are really only at the very early stages with smart grid technology. There are other developments to come. For example, if electric vehicles become more popular, we could find that each electric vehicle, with its battery, is a distributed electricity storage point. We could have masses of electric vehicles, each one with a battery which has to hook up to the grid for charging but which can also be hooked up to the grid for discharging. So, if it is already fully charged, it can then supply an area of the grid. We should be moving towards a very disaggregated system in which we have multiple producers of electricity. The model that is already well and truly established under which people generate electricity from solar rooftop systems is an example of this. There is community acceptance and community embracing of it. We need to ensure that our Western Power network is able to cope with that.

With well over 70 000 systems in place across the Perth metropolitan area, we need to ensure that those systems are adequately connected and that we do not design the grid in the way that we designed it 30 or 40 years ago, when we had all sorts of weird situations. One of the weirdest things about the way in which we designed the grid 30 or 40 years ago was that electricity generation was such that it was difficult to shut it down at night-time. If we drove past Perth city at night and looked at the skyscrapers, we would see lots of lights on. One of the reasons the lights were left on was that those power stations were not able to shut down overnight, so there was a need to keep burning electricity. That is a really perverse outcome. We should have a situation in which electricity is used when it is needed. Yes, we have gone a long way towards reducing our overall electricity consumption, but that should not be looked at just in overall terms; it needs to be looked at in 24-hour cycles. That is why this debate should really be around the market system and the eventual move towards a spot rate market. Then people, perhaps producing energy from a wind farm somewhere, would know that they were likely to have wind generation reaching the market at a certain time to meet a certain peak. I think the Collgar Wind Farm out near Merredin, which has very reliable winds and very reliable wind production levels, could be marketed to a particular consumer level. Those sorts of designs of the market are far more important, far more necessary and indeed far more urgent than this merging of Synergy and Verve.

I will conclude my remarks there. However, I note as well that people across the country are talking about this need for a more reticulated, reliable electricity system. We are looking overseas as well and seeing an ongoing commitment in other jurisdictions towards increasing renewable energy targets. I cite the German example and the European Union’s directive on renewable energy and its targets towards a 20 per cent share of the overall market there to be by renewables. We need to be keeping up with those sorts of targets and ensuring that our system is designed to accommodate that level of ambition so that we can harness our amazing wealth in renewable energy.

MR P.C. TINLEY (Willagee) [3.06 pm]: I will make my contribution to this Electricity Corporations Amendment Bill 2013 and will begin by recording my complete disgust at the fact that this government has completely mismanaged not only the affairs of this house, but also the affairs of the state. Not only has this government shown a complete disregard for the democracy and sovereignty of this Parliament as the highest law-creating body in the state, but also it has insulted the people of Willagee, the people of Fremantle, the people of Mandurah, the people of Armadale and any and every other constituent represented by members on this side of the house. I tell members what: in declaring this bill urgent, the government has effectively said to the people

we represent that our opinions actually do not count, and that our opinions and the people we represent have no relevance in the democratic functions and processes of the state of Western Australia. That is to the government's eternal shame—eternal shame! The fact that this bill was not given the due time and process of this Parliament is something that we cannot let go and go past. It must be recorded that this bill is layered upon the 15 other bills that the government declared urgent, not the least of which is the one about dogs we heard about in question time today from the Minister for Local Government. That bill had been so long in gestation that all of a sudden it had to be declared urgent.

The government has also said to the people in my electorate that they do not count. When their member—that is, me—comes back to his constituents, the interest groups and the wider stakeholders in Western Australia and asks for their opinion and expertise and the government completely snubs them, it tells me that the government is steeped in paternalism. The government is steeped in this post-colonial paternalism in that it knows best and it can dictate to the people of Western Australia exactly how their energy will be generated and sold and where their hard-earned tax dollars will or will not be spent. The government really wants to have a hard think about it. I say to those members of the Liberal and National Parties who are listening in their offices and to the backbenchers from the class of 2013 and the class of 2008: please take note and acknowledge what has happened here. I implore them to go to their more experienced members who have a more level approach to this matter and ask what we did in government. How many bills did we declare urgent? How many times did a Labor government come back as a re-elected government and declare the notice paper null and void and that everything it had put on there was of no value? This government did that after it was re-elected, when it extinguished the notice paper and started again and recalled members early to Parliament for 22 sitting weeks. In those 22 weeks the government has oscillated and vacillated and backbenchers have filibustered government bills—without much substance, I might add. In the motion to declare this bill as urgent, the government has slapped democracy in the face. It has slapped the people of the electorate I represent in the face. It has slapped in the face those people in the industry that is affected by the bill; in fact, the government has put in some doubt, if not at risk, the level of the industry's effort, equity and risk capital in a market that it should be giving better attention to. The urgency of this bill belies my understanding of why the government would do this. I cannot for the life of me understand why this bill needs to be urgent when the government does not even have a business case. The government has not put in the public domain a demonstrated reason, regardless of the assumptions it may or may not use for that business case —

The DEPUTY SPEAKER: Order! We have already debated the urgency of the bill. I have allowed you a fair bit of latitude now, but I would like you to focus now on the second reading debate, if you could, please.

Mr P.C. TINLEY: I acknowledge your guidance, Madam Deputy Speaker, but it is absolutely germane to this bill. The reason the motion to deal with this as an urgent bill is important is that the government has corrupted the process by which we can give the bill due scrutiny. The entire Westminster system is based upon a transparent arrangement by which all people can be heard—the people of Western Australia and the people in my electorate. The reason I am dwelling for a few minutes on the urgency of this bill is that we need to record that the government has absolutely corrupted the capacity for this Parliament to do its sovereign duty and run a proper eye over this legislation.

A further reason I think that the matter of urgency is relevant to the substance of this bill is that 15 bills have been declared urgent. The Premier has said by interjection, when previous speakers have debated this bill, that we have had the bill for two weeks. In that time, I have had to run around and also get advice on the 14 other urgent bills that have come to this place. If it is a parliamentary tactic, the Premier is doing well, because one thing we all know is that none of us can pretend to be an expert on all of the matters that come before the house. Some members opposite might like to think they are expert on all things, and some have proffered the idea, in a paternalistic way, that they are the fount of all knowledge in some of these matters, but they are completely missing the objectives of this Parliament, democracy and the Westminster system that we have adopted and protected over a long time. For example, I have not been able to consult with the Sustainable Energy Association of which I am a member. The opposition has not been able to consult with the alternative energy sector or those whose capital has been put at risk and who are currently working under a set of arrangements that were put in place by the former Labor government in the disaggregation of Western Power in around 2006, I think it was. We have not been able to talk with them. They expected a certain playing field; the government has shifted it. The Premier did not tell them before the election that he would re-merge the power utilities. The government did not provide them with enough advice.

Yet again it is urgent, but we do not have the business case. We were told in the briefings that the business case may arrive sometime in December. In his response, I would like the minister to address the value proposition in the business case that led him to the point of deciding that re-merging Verve and Synergy was somehow in the public interest. That is really important to me, because even if the minister does not have a detailed business case, as he has already said, and even if he does not have all the assumptions nussed out or has not consulted

widely with industry, I want to know the fiscal position and compelling structural argument that led the minister to at least start down this path. All we have before us is a framework piece of legislation. That is all it is. During the briefing we were pictorially shown the framework by the hardworking public servants who support the minister. All that tells me is that this mob is a mess that cannot organise itself over 22 weeks of sitting to get a legislative program that meets the agenda it went to the last election with. It is quite outrageous. I tell the classes of 2008 and 2013 to heed wisely the experience they have had this year. We have four more sitting weeks to go, and at the tail end of 20-odd weeks it will be very interesting to see how much is rammed into the Parliament under the guise of progress; rammed into the Parliament around some of the more important issues that confront us, rather than some of the distractions that the government has had us sit for half-days on. I remind members about last Wednesday, when at 3.15 pm the short bells went. I was in the middle of afternoon tea, stuffing a cake in my face, and it was game over. That is just a complete misuse and waste of the resources of the Parliament, and it shows an inability to lead and deliver to the people of Western Australia value for money from their Parliament, and they should expect and get better.

I turn now to the substance of the Electricity Corporations Amendment Bill 2013. When I look at its format, I am completely gobsmacked. I have only been in this place just over four years, but I am completely gobsmacked. This is another example of the upside-down world we seem to have in the thirty-ninth Parliament. We have the conservatives—the free marketeers, the people who believe implicitly in the free market and hands-off, small government—and yet in the same Parliament they have walked away from tax cuts and business. Now, we have the culmination, if you like, of this upside-down world we seem to be in, in that we now have the conservative side of politics virtually nationalising the power generation and retail component of our electricity market. It is almost akin, without overreaching, to say that the proletariat has risen up on the conservative Liberal side of this house and seized the means of production. I want to know which one of the members opposite is the “Trot” who is going to come out and call this spade exactly what it is. The government has effectively taken back the ideology of its own party; well, it cannot go that far back because it has never had this view. The Liberal Party has never had the idea that public ownership of assets was in the best interests of market and pricing. It has never had the view that this was the sort of thing that would fit neatly inside its ideology. Class of 2013 new members could be sitting there wondering what on earth they have walked into. They could think they have walked into a socialist party of the 1950s. They could actually think they have walked into some bizarre upside-down world where they have to pull out their wallets and check their membership cards to make sure they still read “Liberal Party”.

Right now there is plenty of evidence before this thirty-ninth Parliament to the contrary that the government adheres to anything close to the ideology of its heritage. We have not been able to consult widely or, more importantly, deeply on this legislation. We have been asked to contemplate what is simply a framework legislation, and I would be very keen to get into the regulations to understand what the substantive regulations will be and what the operative regulations will be that the minister from time to time might want to use. More importantly, when looking at those regulations, we will be looking through the prism of certainty or uncertainty for the market—the very market that the government professes it wants to create. There is no better embodiment of this dichotomy than the minister himself. The minister is a longstanding adherent of the free market—of setting market conditions, stepping away and letting private enterprise and the private capital that can be raised fastest and deployed quickest with the greatest agility deliver the most cost-effective outcomes. We do not have to go too far back to see this, but I decided to go back to 2000 because I cannot let this debate go past without recording the minister’s DNA. I refer to an article he wrote in 2000 in the *Herald Sun* about the Victorian privatisation program. Now, of course, the Victorian market is largely different because of the scale of it and also because of its connection to the grid of the eastern seaboard. Some of the key aspects of what the now minister wrote about have in their essence an application to the state of Western Australia—that is, the idea that if we privatise, if we insert profit motive in the delivery of a cost-competitive industry, we will deliver lower prices.

Mr C.J. Barnett: Are you advocating privatisation in the electricity utility?

Mr P.C. TINLEY: I am trying to work out what the hell the government is doing with this. I am trying to work out where the government stands. The only thing I have heard from business —

Mr C.J. Barnett: You are just advocating privatisation; that is fine if that is your policy. That is what you are advocating—privatisation of the electricity utility. Is that what you are saying?

Mr P.C. TINLEY: What is the government doing?

Mr C.J. Barnett: We are putting Verve and Synergy back together; that is pretty obvious.

Mr P.C. TINLEY: No, the government is putting public money at risk. It has already put \$330 million of public money at risk. It has an oversupply of capacity and is doing nothing about it. The government’s answer to that is to simply close things up and to bring the issue to the house so it can be silenced. The minister is on the record saying —

Those consumers free to choose their power supply, including virtually —
In this case —

all Victorian businesses, have seen the benefit in lower bills.

It is as simple as that. There is a complete free-market knight—somebody who is completely committed to the idea of the free market. The Premier might interject on me to try to find out what the policy is from the Labor side of the house, but the policy from this side of the house is not relevant. The logic and the ideology of the government side of the house is the most relevant thing in play in this debate. The logic and the ideology of the government are on the floor for debate because they are really important, because businesses and consumers in Western Australia have a right to an understanding about the certainty of the market in which they will play. No further back than August last year, the then Minister for Energy, Hon Peter Collier, was moving away from the merger. Imagine a business like Perth Energy that has put at risk a lot of capital to participate in a market that has no capacity to go anywhere else.

[Member's time extended.]

Mr P.C. TINLEY: Going back to late last year, an article in *The West Australian* stated the following —

According to Mr Collier, stitching Verve and Synergy together was no longer the focus of moves to reform the electricity sector and reduce pressure on rocketing bills.

Is that not a slap? As we would expect, the Chamber of Minerals and Energy immediately responded. This is one of those stakeholders we could not get to have discussion with because of the nature of this Parliament and the way the government runs it. Later, the article states —

The Chamber of Minerals and Energy questioned Mr Collier's refusal to rule out a Verve–Synergy merger, saying such a move would “decrease competition and put upwards pressure on energy prices”.

I will take an interjection. There is no quarter in the business community, be they stakeholder representatives, that has said this is a good idea. I will leave a pause for an interjection.

Mr C.J. Barnett: The Chamber of Commerce and Industry said in 2004, or thereabouts, that disaggregation would lower electricity prices. You might go back and ask some of your colleagues who wrote your policy going into 2001.

Mr P.C. TINLEY: That is history.

Mr C.J. Barnett: Who wrote it?

Mr P.C. TINLEY: I do not know. I am not interested, actually.

Mr C.J. Barnett: I think you might find that the Chamber of Commerce wrote a fair bit of it for you.

Mr P.C. TINLEY: I am not interested, Premier. What I am interested in is the dysfunction and uncertainty that the Premier has wreaked upon the system of government in this state, and also upon the business community in this state. It beggars belief.

I turn now to an article written by Gareth Parker and Peter Kerr in June of this year, in which they talk about these very things. I might as well put on the record the opposition to this from people in business—the very constituent base that the Premier says the Liberal Party represents as the party of business. The article states —

Ky Cao, managing director of private retailer Perth Energy and a former Western Power executive, —
So the guy might have a bit of background —

claimed the Government's merger plan would amount to a monopoly tax on consumers and warned the impact on the WA economy would be worse than the carbon tax and mining taxes combined.

We will see whether that is the case. The article continues —

His prediction came as the Economic Regulation Authority estimated that excess generating capacity in the South West cost households and businesses an extra \$26 million last year.

It beggars belief. Do not call it Synergy. Why not just call it Western Power—because, really, that is the final stitch.

I did appreciate, minister, the opportunity for the briefing, as short as it was, to get at least some background depth to what is proposed here. But I have to say that there were more questions than there were solutions or answers. It was pictorially well represented. We get what is going on here in terms of the words “ring-fence”. But the very fact that we need to deploy some sort of Chinese walls inside an existing company smacks of the underlying problem behind this whole idea; that is, that the wholesale business unit, which in some way will be

the centre of this new model, will be virtually a windowless room from which information going in or out is completely disclosed only to the board.

Mr C.J. Barnett: It has been ring-fenced since 1995. It has. I put the legislation through.

Mr P.C. TINLEY: Has it worked?

Mr C.J. Barnett: It was working okay until you disaggregated it. But the entities have been ring-fenced since 1995.

Mr P.C. TINLEY: The idea of ring-fencing is not new.

Mr C.J. Barnett: No, it is not new; it has been around for a long time.

Mr P.C. TINLEY: The point I am making is that for the 25-odd people who are expected to occupy the WBU, what is seen cannot be unseen. What will happen if they are promoted—or moved, not even promoted—into the retail area and into other areas, either franchise or the contestable area? How can the customer base contemplate any certainty when there will be very little capacity for transparency? Why would we not have both a wholesale and a retail? Why would we not completely separate those two businesses anyway?

Mr C.J. Barnett: I will not interject again, but why would the chairmen of both Synergy and Verve write to the Premier of the day and say, “This does not work; you need to put the two entities back together”? One of those chairmen was appointed by the Labor government.

Mr P.C. TINLEY: Then table the letters, Premier! I am not privy to that information. Again, that strikes directly at my point. I spent nearly 10 minutes of my speech talking about the perversion of the process here. Why not table those letters, Premier?

Mr C.J. Barnett: You can have them if you want them. It is not a secret.

Mr P.C. TINLEY: Thank you. We would appreciate all the information, because there is no business case.

Mr C.J. Barnett: It is pertinent when those two chairmen, both experienced business people and experienced in the industry, make the point that this does not work.

Mr P.C. TINLEY: Fine. I am completely happy with that. I do not have to agree with that, though, Premier.

Mr C.J. Barnett: No, but I am just saying that I take notice of that.

Mr P.C. TINLEY: Absolutely. But, again, the Premier underscores the very point that I am making; namely, that the Premier is completely ignoring the processes of this Parliament. The Premier had that case put to him. Why will the Premier not put that case to the people of Western Australia through the instrument called the Parliament? Why will the Premier not table that? Why will the Premier not table the financial information that he has?

Mr C.J. Barnett: I have not refused to table it. I am saying that they both requested that that happen.

Mr P.C. TINLEY: Yes, but why will the Premier not table it?

Mr C.J. Barnett: No reason to. I’m just saying it’s a fact.

Mr P.C. TINLEY: So the Premier is committing to table those letters from the chairmen?

Mr C.J. Barnett: No, I’m not committing. You can ask me a question about it tomorrow if you like, and I’ll answer it.

Mr P.C. TINLEY: So the Premier is not committing to table the information that led him to believe —

Mr C.J. Barnett: Ask me a question tomorrow.

Mr P.C. TINLEY: No, I am asking the Premier now.

Mr C.J. Barnett: I’m just telling you that the chairmen of the two utilities wrote to me in a joint letter, saying, “This does not work; put it together.” Fact.

Mr P.C. TINLEY: So they colluded to actually write that to the Premier? No wonder he is leaving! Seriously!

Mr W.J. Johnston: No wonder he’s walking out! First whiff of grapeshot and he leaves the chamber!

The DEPUTY SPEAKER: Order, member for Cannington!

Mr P.C. TINLEY: The puerile nature of what we have just seen would, I hope, make the government members of 2013 absolutely blanch. This is the Premier of the state. Where is the statesmanlike leadership style? He sits there and snipes, backbites and throws little misdirections about getting two letters. “Will you table them, Premier?” “Oh, ask me and I might. Oh, yes I will; no, I won’t.” Please!

Mr W.J. Johnston: It was two letters and then it was one letter.

Mr P.C. TINLEY: First it was two letters, then it was a colluded letter. Come on, members. Come on you members, in your offices, with the sound up just enough to hear over your email replies! You are part of the proletariat that has risen up to reclaim the means of production—in this case, the electricity market and the generation of electricity! You have created a rod for the back of the Western Australian taxpayer that you will not be able to walk away from as long as you are class of 2008 and 2013 members in this place. As long as you come in and out of this place, regardless of which side of the Speaker's chair you walk, you will have hanging around your neck forever the shame of having walked away from the ideology of your party!

We are reliably advised that not only the corruption of this process but also the word of the Premier needs to be called into question, because the letter—first two letters, then one letter—he cited in his interjection, which was apparently written by two CEOs in collusion to promote the idea of remerging does not, in fact, contain the information the Premier said it contained. I think it is incumbent upon the government backbench, the Liberal Party and the Minister for Energy for the Premier to come back into this chamber and explain what exactly was in those letters from the chairmen of Verve and Synergy. He should come back and tell the chamber—and the constituents of Willagee, who he has so disregarded in declaring this bill urgent—what exactly was contained in that information. He should table the letters that seemingly were the spark, if not the vinegar stroke, of the government's decision to bring to this Parliament the idea that we should again merge our energy retailer and generator, and thereby somehow deliver a better outcome for those people who are struggling under the weight of the cost of living impost that this government has visited upon the good men and women of the state of Western Australia.

I will conclude with some questions for the Minister for Energy. I want to know exactly what Horizon Energy's role will be in the south west interconnected system. I want to know exactly what contractual arrangements it has with its customers and what its relationship will be in terms of pricing et cetera. I want to know why the government is going away from the Economic Regulation Authority and seeking to have the Office of the Auditor General provide oversight. I want to know how transparent that process will or will not be. I also want to know—by way of opinion, I suppose—the minister's idea about the future value of this merged entity, because he is on record as saying that there is the potential for two gentailers. I would like to know how he sees a pathway to a future divestment, if indeed he presents the opportunity to introduce better and more effective private funds into this market. I want to know whether the minister can unpick the idea that some time down the track this may turn into two gentailers and how the value of the total asset will be any better than it is now.

Minister, members present and members listening remotely, this is very, very serious on two fronts. It shows a lack of transparency on behalf of the government. It is a disingenuous sleight of hand in a parliamentary sense to deliver to this Parliament this bill without a business case and preamble. It is also disingenuous to think that this side of the house has no opinion, no capacity to improve legislation and no contribution to make. I hope that the number of speakers who have risen to get involved in this debate advertises that the government may not be the absolute gift to the people of Western Australia in regard to policy, a vision for this state and the opportunities that it provides to those constituent groups within our community that deserve better. There are 2.5 million people in the state of Western Australia. It is not hard; all the government needs to do is consult and the answer will be before it.

MS S.F. MCGURK (Fremantle) [3.36 pm]: I am grateful for the opportunity to join other members on my side of the house in voicing concerns with not only the Electricity Corporations Amendment Bill but also the way the debate has been brought to the house. I want to focus on one area close to my electorate—that is, a proposal for a renewable energy project at North Mole. I will speak about the possible impact that reaggregation of the WA energy corporations could have on that community wind farm project. I had hoped that the state government would take the opportunity to look at these sorts of exercises, rather than concentrating on remerging other corporations. I query whether that will end up being a distraction to other projects, such as those in the renewable energy sector.

Originally, the proposal for a number of wind turbines on the North Mole in Fremantle was commercial. It was given some attention by the City of Fremantle and the Western Australian Planning Commission, but, unfortunately, the original approvals for that project have expired. I understand that one of the barriers to that original commercial project were the commercial terms with the Fremantle Port Authority on the purchasers of any electricity generated by that wind farm. The terms of that project could not be agreed between the Fremantle Port Authority and the commercial venture. The port authority owns and controls the land on which the turbines would be placed at the North Mole. Since then the community has proposed to renew this project. It would not be the first community wind farm in Australia, but it would make it a viable project. The community proposes eight to 12 turbines on the North Mole. I understand that if there were eight turbines, the project would have a capacity of something like 20 gigawatts phour.

The model for a community initiative is similar to that adopted in Daylesford in Victoria in 2011. That process has two turbines and produces four megawatts for the local power retailer. In fact, the chairman of that proposal is Simon Holmes à Court of the Western Australian Holmes à Court family. He says that when the Victorian project got up and running in 2011, it was expected that that community project would pay for itself, as I said, in about a decade. People invested in the community project, which was expected to produce enough power for about 2 000 residences and would pay for itself within about 10 years. In fact, Simon Holmes à Court came to that project not from any green credentials, but from his business software and engineering background. People who have supported the community wind farm project around Fremantle have been working very hard to continue to advocate for the possibility that this government might lend an ear to that project and also might bring the Fremantle Port Authority to the table to consider a good use of that commercial land around North Mole. In fact, the ABC did a *7.30WA* report on it recently.

If we need a demonstration of the benefits of wind as a renewable energy source and the positive contribution that it can make to our overall energy capacity, we can go to the Western Australian Department of Finance's website, which states —

Harnessing the wind for the generation of electricity is one of the most advanced and commercially deployed renewable energy technologies. Wind energy is one of the cheaper renewable energy technologies and is a major source of power in over 70 countries across the world.

We know that at the end of 2011–12, Western Australia had a capacity of about 424 megawatts of wind generation, and we have added to that capacity since then. Most of that capacity is connected to the south west interconnected system. The output from wind accounted for about 65 per cent of the electricity produced by renewable energy sources in the state and 75 per cent of the renewable energy produced in the south west interconnected system. Collgar wind farm produces 206 megawatts, Walkaway produces 90 megawatts and Emu Downs produces 80 megawatts. Of course, the Albany wind farm expansion was completed in 2012, which brought the capacity to 36 megawatts, and it produces about 80 per cent of Albany's electricity needs. I know that the minister recently opened Mumbida wind farm, which has a 55-megawatt capacity. People in Fremantle feel buoyed by the success of other wind farms and hope that a community effort will not only contribute to local power needs, but also be a visible metropolitan demonstration of those members of the community who want an increased use of renewable power.

I know that other speakers on this side of the house and government members have talked about the complicating factors of the overcapacity of our current system. In fact, I came across an article by Giles Parkinson, who was a former deputy editor of *The Australian Financial Review*, a columnist for *The Bulletin* and *The Australian* and a former editor of the *Climate Spectator*. It is a recent article in which he refers to the minister's conundrum of, on the one hand, needing to contribute to our own target and the national target of 20 per cent renewable energy by 2020 and, on the other hand, dealing with the overcapacity in generation in Western Australia. The frustration is that we have local producers, such as the community wind farm proposal in Fremantle, as well as ordinary residents contributing to renewable energy in their own way—like I do and like I am sure many members in this house do—by installing solar panels on rooftops. It seems to make sense. According to Giles Parkinson —

West Australian households are installing rooftop solar systems at a rate of 2,800 a month—far beyond the rate anticipated by the government ... The rooftop solar capacity in the state is now more than 300MW.

Dr M.D. Nahan: Member, over the last two and a half months that has gone up to almost 4 000 a month, so it has almost doubled. It is very rapid.

Ms S.F. McGURK: Thank you, minister. The capacity is escalating. It demonstrates that not only is commonsense associated with renewables—that is, no carbon emissions—in that it will be efficient for households to install solar panels to reduce household bills, but also people's willingness to do their bit to contribute to reducing emissions produced from fossil fuels. The frustration is that although community efforts, such as the community wind farm and people with solar panels on their rooftops, are contributing to renewable energy, I am unclear what impact the bill before us, to re-aggregate the electricity corporations in our state, will have on those efforts and the complicated energy production in our state.

I will also mention another innovative renewable energy project, as the member for Gosnells did—the Carnegie Wave Energy project which is taking place north of my electorate in North Fremantle. I had the opportunity to visit that project last year and was impressed by it. In fact, I was not the only one impressed by it; it seems as though investors are also impressed by that market. The project has been doing quite well in terms of its ability to attract private investors. A 720-kilowatt plant is being established near Garden Island next to the naval base. It is a commercial testing of Carnegie's CETO wave energy technology. Although there has been some assistance from federal and state governments, so far the lion's share of the project, about \$70 million, has come from

private investors. Carnegie has drawn down only about \$4 million of the \$22 million in federal and state government funds towards that project. I congratulate Carnegie Wave Energy for its efforts in not only harvesting existing technologies in an innovative way but also doing its bit to make sure there are private investors in that project. The project is particularly relevant, as are wind farms, for remote communities that are reliant on diesel and other fossil fuels. There might be a capacity to use those sorts of renewable energy sources in more innovative ways. Fremantle is not a remote community, although sometimes from the way this government treats my electorate, it feels a little that way. There is a lot of passion for the renewable energy project. I do not say that there is universal acceptance of wind farms and I do not know whether the Fremantle Port Authority's reticence to enter into discussions with the community has come from some community concerns about wind farms. But I have not experienced any of that community reticence; it has not come across my office, nor in any way have people said that they are concerned that eight or 12 turbines might be built on the North Mole. In fact, I have heard only quite enthusiastic support for the project and would like to participate and add my efforts to seeing whether we can continue to garner community support in Fremantle and North Fremantle for that project and get the government, through the Minister for Energy, and the Fremantle Port Authority, through the Minister for Transport, to come on board for an innovative project.

I was interested also to see some recent work that has been done on the possible health effects of wind farms. One of the concerns in the community is whether wind turbines close to residential areas can have adverse health effects. In fact, a recent New South Wales planning report backed up findings that there was very little evidence of adverse health effects. It backs up some 20 quite credible studies, including one quite recent study by the Victorian Department of Health on the possible health effects of wind farms on nearby residents. I do not know whether that is why the Fremantle Port Authority is reticent or why this state government is not assisting the Fremantle community wind farm project. But I hope they will come on board and work with the community to overcome any objections to this proposal and see some innovation when it comes to renewable energy. As I said, the reason the community I represent is very passionate about this project is not just that it will make good use of commercial space in the Fremantle area—the recipient of the Fremantle doctor and the roaring forties, the most obvious place for us to harness wind energy—but it wants to make sure there is a metropolitan demonstration of renewable energy. I think situating a wind farm in Fremantle would be quite popular among my electorate, just as popular as I think is the Fremantle city council's efforts to restrict plastic bags. Unfortunately, that is not the view of members opposite—those in the National-Liberal Party caucus room. On Friday the Tasmanian state government will enact its bill to ban plastic bags throughout the state. It will join South Australia, the Northern Territory and the Australian Capital Territory in banning plastic bags. It is unfortunate that the Liberal and National Parties in Western Australia could not see themselves allowing a local government—in this case the City of Fremantle—to ban plastic bags within its own local council confines. I know that is not relevant to the Electricity Corporations Amendment Bill, but it is relevant to the environment and there is a connection with renewable energy.

I hope this government will reconsider allowing us proper consideration of the Electricity Corporations Amendment Bill, which provides for our electricity corporations to re-merge. I hope government members will focus their minds instead on our efforts to increase renewable energy sources in Western Australia and not rely on renewable energy projects in other states to meet our target of 20 per cent renewable energy by 2020.

MR M.P. MURRAY (Collie-Preston) [3.55 pm]: It is my pleasure to speak on the Electricity Corporations Amendment Bill 2013 and to watch the Minister for Energy on the other side of the house, who is intently interested in this debate. We all know that the minister is a member of the flat earth society, which believes that market forces should take the absolute best position in the world, with no government interference, yet he has brought in a bill that will enable the government to interfere in what will happen in the areas of electricity generation and production. I reckon he might have a few knife marks on his back or even a few marks from the flogging he got when the Premier put him up against the wall. I have worked with this minister on a committee that carried out an inquiry into gas. The end result of that inquiry was to let market forces regulate and set the prices into the future. Now we have interference from the government in a deregulated market; it is probably not totally deregulated but certainly deregulated to some degree. How can the minister sit in this chamber and pretend that he is interested? He should at least have the decency to stand outside and then come back in and say that the Premier made him do it.

I believe that the Chamber of Commerce and Industry of Western Australia has been threatened by this government; it has gone very, very quiet. The minister has five minutes to put up with me; he should not worry about looking at the clock. When this idea was first floated around election time, the Chamber of Commerce and Industry was very vocal in its opposition to this. All of a sudden it has gone quiet. Why? No-one knows.

This bill has no structure to it whatsoever. We do not know what the regulations will be. How can we go forward without knowing exactly what will happen in the future? It is about being open and honest. It is about allowing the private people who have already invested in the electricity generation area know what the rules are. I have

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received complaints from people—they have phoned me and requested meetings with me—about exactly that. They have invested millions of dollars in the generation side under a free market view, only to be stifled by a government that says that it supports the free market one minute and then does another thing in this house. The deception we have seen from the Premier and the minister is shameful. The minister will just do as he is told because he is desperate to hold his position. When the Premier says that he wants the minister to do that and the minister says that it is against his best wishes, he must bend over and say to his colleagues, “I am sorry but the Premier made me do it.”

Some time ago the minister said that the energy system is starting to mature and that people are starting to understand it and invest in it as well. They have invested nearly 3 000 megawatts. Then government interference came along in the form of the Muja power station. The government said that it will keep it under the cap and it will put a private \$2 shelf company there so it is outside the cap, and then it lifted the cap. What market will invest in a government entity such as that when the government does not know what the rules are and it changes them every couple of minutes? We are back in here again. Because of the shortage of time, I am paraphrasing to some degree. I would like to have gone into a lot more detail.

Dr M.D. Nahan: You can talk tomorrow.

Mr M.P. MURRAY: The minister should not worry; he will get a bit more tomorrow.

Debate interrupted, pursuant to standing orders.