

ELECTRICITY CORPORATIONS AMENDMENT BILL 2013

Second Reading

Resumed from 29 October.

DR A.D. BUTI (Armadale) [12.23 pm]: I rise to contribute to the Electricity Corporations Amendment Bill 2013, which contains amendments to the Electricity Corporations Act. The bill is all about trying to merge Synergy and Verve Energy. It is interesting to read the minister's second reading speech, because from its content I would not have thought it had come from the same person—a free marketeer who has Milton Friedman as one of his heroes. It would be great to have a one-on-one on the psychiatrist's couch with the minister to find how his conversion came about. In the second reading speech, the minister spent quite a deal of time on the history of Labor governments, in particular the Gallop government, and the splitting up of Western Power. The minister did not talk about his views on the privatisation of the energy market or the history of the Liberal Party in this. After the Oates report in 2009, the minister well knows that Hon Peter Collier, the then Minister for Energy, announced that the Barnett government would not bring Verve and Synergy together, and as late as 2012 Minister Collier released the "Strategic Energy Initiative 2030", which was meant to be the blueprint for the future of the energy sector. At the time, the minister said it was a very important document; however, I do not think that document referred to bringing these two identities together. It is interesting that the current minister has experienced his conversion on the road to Damascus; although it may be that he has not really experienced that as the fingerprints of the Premier are all over this bill. We know it is the birthday and Christmas wish of the Premier that Synergy and Verve come back together as one identity. That is completely contrary to what the former Minister for Energy announced in 2009 and 2012, and, of course, what the present minister has talked about over many years in regard to privatisation.

This is a rather complex bill but it is also confusing when one reads it. The minister touched on the government's reason for introducing this bill in his second reading speech. He stated —

The Liberal–National government is re-aggregating Verve and Synergy. Its aim is not to re-establish a government monopoly, but to address the inefficiencies in the operations of the two entities and realign their incentives so they can operate in the interests of consumers and taxpayers.

The bill contains amendments to vest all assets, rights and liabilities of the Electricity Retail Corporation, or Synergy, in the Electricity Generation Corporation, or Verve Energy. The Electricity Generation Corporation will be renamed as the Electricity Retail and Generation Corporation. It is intended that this merged entity will trade under the name "Synergy".

That is confusing in itself, and I will talk about that shortly. The minister continues —

Verve Energy was selected as the continuing legal vehicle for the merged entity, as it holds the majority of the combined assets of the two corporations in the form of electricity generation plant. By retaining Verve Energy as the legal vehicle, there is no need to transfer these assets.

The stated intention in the bill, when it came before the house, was to reduce the cost of energy to the customer. I would have hoped that is what the government would have intended here! The minister said the merger would provide security of supply and facilitate private sector investment. I am unclear how that will happen. I do not think the minister has convincingly argued a business case to achieve the objectives contained in the second reading speech or that were outlined to the opposition in the briefing it received on the legislation before the house.

I return to the name of the bill that will bring together Verve and Synergy to form one government. The name used by the minister is "gentailia" —

Several members interjected.

Dr A.D. BUTI: I do not think that is its proper name, actually!

Dr M.D. Nahan: It is gentailer!

Dr A.D. BUTI: I hope Hansard picked that one up!

The SPEAKER: The member for Armadale has shocked the member for Kimberley.

Dr A.D. BUTI: The member for Kimberley would not be shocked. She has sat next to me long enough not to have been shocked.

Extract from Hansard

[ASSEMBLY — Wednesday, 30 October 2013]

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It is interesting that the merged company will be called Synergy, but Verve will continue as the entity, while all the assets and liabilities of Synergy will pass to Verve. Synergy will be abolished, but the merged company will be renamed Synergy. I am sure the minister would agree that that could be a bit confusing.

Dr M.D. Nahan: You have to choose a name.

Dr A.D. BUTI: A name has to be used, but maybe the government should have thought about another name rather than abolishing Synergy but continuing to use the same name for the new entity. It does not seem to make much sense, consistent with much of the Electricity Corporations Amendment Bill 2013.

The government has, of course, stated that it will ensure appropriate regulations are in place so that its objectives will be achieved. But, once again, from the legislation before us it is hard to see how that will happen. The formation of this new entity will result in a number of amendments to the act, one of which is to allow Horizon Power to continue to work within the south west interconnected system.

Dr M.D. Nahan: Horizon is outside the SWIS.

Dr A.D. BUTI: Outside?

Dr M.D. Nahan: Yes. It is the government-owned electricity entity that operates outside the SWIS.

Dr A.D. BUTI: Okay.

The Electricity Corporations Amendment Bill 2013 is very convoluted. As we and the minister know, energy is a crucial political and economic issue to the running of the state of Western Australia. Governments have an obligation to provide security of energy supply and ensure the efficient flow of energy, while trying to minimise costs. One has to wonder how the amalgamation of Verve and Synergy will achieve the government obligations. It seems to be driven purely by the ideological position of the Premier, not that of the minister, because if it was the position of the minister, there has been a conversion on the road to Damascus. I honestly do not believe that to be the case, although he may have sold out his principles and long-held philosophies on the free market, privatisation and competition since he became a minister. There is no way that this bill concurs with the minister's long-held views on competition and private enterprise. But even if the minister has changed his views—if there has been a conversion on the road to Damascus—where is the business case that demonstrates that this bill will achieve the objectives the minister stated in his second reading speech? The speech reads —

Its aim is not to re-establish a government monopoly, but to address the inefficiencies in the operations of the two entities and realign their incentives so they can operate in the interests of consumers and taxpayers.

If they are going to operate in the interests of consumers and taxpayers, they should be trying not only to provide a consistent supply of energy, but also to reduce the cost of energy, and I am unclear how that will happen.

The minister will have had briefings and communications with industry stakeholders on this legislation, so he knows they are concerned about what is happening. This legislation has created a degree of unnecessary uncertainty in the market. It has not been brought in as a necessary evil to achieve a better outcome and it will not achieve the aim the minister hopes. It just will not do that.

Where is the business case? I know of no studies or reports that have recommended a merger. As recently as 2012, the former Minister for Energy stated that there would not be a merger of Synergy and Verve. He also stated that in 2009. In 2012, it was stated that strategic energy initiative was a great blueprint that was basically the future for the energy sector, yet it did not recommend or even discuss bringing the two entities together. Where did this idea come from? We know where—it came from the Premier. As has been stated by members on the minister's side of the house, when the Premier says "A", the ministers also say "A"; when the Premier says, "Jump up in the air," ministers jump up in the air. When the Premier says, "I want you to abandon your long-held philosophy as a champion of the private enterprise market and a champion of Milton Friedman economics", that is what the minister will do. The problem is that this government is still a one-man show. What the Premier asks for, the Premier shall receive from his trusted lieutenants. But as we know, some of those lieutenants are becoming quite nervous as time goes on due to the Premier's performance since the election. There is no business case or studies or reports that recommend a merger. Where is the cost-benefit analysis that states that this bill will achieve its objectives? As an economist the minister knows very well know that cost-benefit analyses are incredibly important when reform is sought. Where is the regulatory impact statement on this merger? Where are the figures on how much the merger will cost or how much will be saved? The minister's second reading speech referred to savings made in the reduction in the number of directors because there will be only one entity. That is quite interesting in itself because the government will be increasing the size of the single board, so it is not actually achieving a phenomenal saving in directors' fees. But surely that cannot be a major incentive for merging Synergy and Verve. This is a major economic reform—a major piece of energy reform—

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and surely the saving of some directors' fees cannot be a major motivating factor for the government to go ahead with this bill.

Minister, where has the government provided the evidence that this merger will save costs? The government has not even told us how much the cost will be. That is deplorable. The Minister for Energy has brought in a very significant piece of legislation but he has not provided us with a cost-benefit analysis or regulatory impact statement, and he has also not provided us with information about how costs or savings will be achieved. Further, as I stated previously, the Oates report of 2009 did not recommend the merger. I would bet anything that when the minister was a backbencher, sitting where the member for Belmont sits or nearby, he would have been in wholehearted agreement with the Oates report. Is that true, minister?

Dr M.D. Nahan: I have no comment on it.

Dr A.D. BUTI: Is the minister not going to comment on that?

Dr M.D. Nahan: No; no interjections.

Dr A.D. BUTI: No interjections? The minister's silence on that, I think, is an answer in itself.

Mr W.J. Johnston: It speaks volumes!

Dr A.D. BUTI: That is right, member for Cannington; it speaks volumes.

The "Strategic Energy Initiative 2030" of 2012, which was lauded by the then Minister for Energy, Hon Peter Collier, as the blueprint for the future of the energy sector in Western Australia, did not recommend what the minister has brought to the house. I am absolutely confused because the legislation is not only confusing, but also convoluted. Synergy will be gotten rid of but the name will be retained; that is confusing in itself. Let us just leave that aside because that does not go to the actual content of the bill, although I think it is symptomatic of how confusing this legislation is. The government's own reports of 2009 and 2012—particularly the 2012 report, which was released just over a year ago—did not recommend that Verve and Synergy should be merged. It was a blueprint for the future of the energy sector in Western Australia, but it did not recommend bringing together these two entities.

We also know the minister's personal philosophical views. Anyone who had any idea of who the Minister for Energy, the member for Riverton, was before he came to this house, would never have dreamt that he would have been the author of this bill.

Mr W.J. Johnston interjected.

Dr A.D. BUTI: But of course he is not the author of the bill, is he, member for Cannington? The Premier is the author of this bill, and the minister, as a trusted lieutenant who wants to remain minister, has agreed with the Premier. Rather than the minister standing up to the Premier on his principles for what is better for the consumers and taxpayers of Western Australia, he has caved in with this Electricity Corporations Amendment Bill 2013. The bill is convoluted and will not achieve the minister's stated objectives. It will not lead to the reduction of costs and it will not improve on the situation that the minister states is in dire need of repair. How can the Minister for Energy, the doyen of the economic rationalists in the Liberal Party of Western Australia, put his name to this bill—even though he is not the author; we know it is the Premier? How can the minister introduce into this house a bill seeking to reduce competition? It is phenomenal, is it not?

Mr J.R. Quigley interjected.

Dr A.D. BUTI: I do not need an extension.

The disciple of Milton Friedman, who would not be out of place in the Chicago school of economics, is responsible for this bill. It is absolutely phenomenal. I think this is a very historic occasion because it shows the power that the Premier has over his ministers. Rather than the minister arguing his philosophical case and staying firm to his principle, which, of course, in this instance would agree with the views expressed by the member for Cannington, he has caved in and introduced this bill that will not do what it seeks to achieve. The aim of this bill was not to reduce costs or to ensure that there was security of supply, the aim of this bill was to please the Premier. That is the aim of the bill and the minister certainly pleases the Premier, because he has an ideological position that there should be a merger of Synergy and Verve. It is very quiet on the back benches and it will be really interesting to know whether the minister's fellow Liberal Party members, who I doubt are as ideological as the minister is on matters of economics, agree with this bill. I am sure that the Treasurer, who counts himself as a champion of the free enterprise and competition school of economics, would not have agreed to such a bill. But, of course, he and the minister have agreed to it because they want to placate the Premier. As we know, the Premier has held a position that he has repeated in this house a number of times; that is, he wants

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to see the merger of Synergy and Verve. That is what this legislation does, but it does it for the wrong reasons. It will not achieve its objectives, it is confusing and it will not benefit the consumers or taxpayers of Western Australia. It has raised great doubt in potential investors in the energy market.

MR F.M. LOGAN (Cockburn) [12.43 pm]: I would like to make a contribution to the second reading debate on the Electricity Corporations Amendment Bill 2013. First, following on from the members for Cannington and Armadale, I have to ask the question: why has this bill come about? As we know, the Minister for Energy was opposed to the re-merger of Synergy and Verve in his previous life. Prior to entering into politics, coming into Parliament and into his role as the Minister for Energy, he was very strongly supportive of competition in the energy sector. Now he is the Minister for Energy, all of a sudden his views have changed. His views go against his own personal and philosophical approach to competition, to energy reform and to the entire energy sector by supporting a bill that would effectively create a monopoly structure for the energy industry in Western Australia.

The new Synergy–Verve organisation will have 80 per cent of the market share of the Western Australian electricity sector. Can members imagine what chance small to medium-sized energy players, which are trying to grow the energy sector in Western Australia, have in competition against a behemoth such as the newly merged Synergy–Verve? The minister knows this. He will give some economic argument based on some weasel words about why the new merged structure will in fact encourage competition because of the manner in which the structure will be created and the way in which the retail sector will be ring-fenced from the generation sector and therefore the competitive forces will continue as they were developing under the disaggregation model. That is what he will say, but that is just not fact.

In answer to my question about why this bill has come about, we have to look at the history and behaviour of the Premier. The Premier, as we all know, is obsessed with state development and he has been like that throughout his entire political career.

Ms R. Saffioti: Pity he can't do it.

Mr F.M. LOGAN: That is nothing to be critical of; I will not criticise the Premier for being obsessed with state development—so he should be now that he is the Premier. As the member for West Swan said, it is a pity he cannot do it, and we see the litany of failed projects around Western Australia where the Premier has not been successful in his obsession with state development. However, he is obsessed with state development and he believes state control of the electricity sector is a means to further state development. He sees it as a vehicle to being able to get state development happening. That is the philosophy and attitude of the Premier of Western Australia. It is not the philosophy and attitude of the Minister for Energy, but it is the philosophy and attitude of the Premier of Western Australia. Given that I am from the left faction of the Labor Party, I do not have a great problem with that approach at all. Market intervention and direction of state government resources to further the state's ends, grow and diversify the economy, and create jobs is a good thing as far as the left of the Labor Party is concerned. I am actually surprised that we line up with the conservative Premier of Western Australia. I am shocked. I am so shocked that I am actually thinking of offering him a membership to the ALP of Western Australia, because when he retires he might want something else to do with his life.

Mr W.J. Johnston: He's going to write a book.

Mr F.M. LOGAN: He can still write the book and become a member of the Labor Party, and he can even join the left faction as well. He will not go with the member for Cannington to the right, by the way.

Mr W.J. Johnston: I'm too right wing for the Premier!

Mr F.M. LOGAN: That is right. He will certainly not go into the member for Cannington's faction; he is far, far too left-wing for the member for Cannington's mob! The Premier would sit perfectly in the left of the Labor Party.

Ms R. Saffioti: Comrade Barnett!

Mr F.M. LOGAN: Comrade Barnett, yes! Come on over!

Ms R. Saffioti: Do you know what, member for Cockburn? We would not be even that left as a caucus!

Mr F.M. LOGAN: That is right, and I am literally coming to that, member for West Swan.

Mr M. McGowan: He is an extremist! He should join the Greens!

Mr F.M. LOGAN: No, he is not. I will not have that said about the Premier. He does not fit into the Greens whatsoever. He fits nicely and perfectly into the left of the Labor Party. But, then again, the left of the Labor Party supported disaggregation. We supported disaggregation because it would enable us to use limited state government resources in the right and proper way. Do we want massive amounts of state resources—billions of

dollars—spent on power stations, or do we want that money put into hospitals, roads and schools and various other forms of infrastructure? The choice that the incoming Labor government in 2001 faced was: do we replace the ageing generation infrastructure of Western Power and spend billions of dollars on building new state-owned and controlled power stations, or do we move to a more open market model in which the private sector is encouraged to build generation and transfer that electricity into a state-owned transmission system, and that electricity is then sold by a state-owned retailer? We believed that was the best model for Western Australia, because it would enable money that would normally be tied up with generation to be put into other forms of infrastructure—and it was; it was put into Fiona Stanley Hospital and the southern rail network, and we have seen the benefits of both those investments.

Did disaggregation work? Did it create a market structure, with competition, and downward pressure on prices? I am not talking about retail prices. The former Minister for Energy Eric Ripper was not talking about retail prices when he talked about how competition would put downward pressure on the cost of electricity; he was talking about putting downward pressure on the cost of wholesale electricity and the generation of electricity. If we had competition in the generation of electricity, and a market structure, it would lead to the retailer purchasing the most cost-effective delivery of electricity on any specific day, and that, multiplied over a whole year, and over the years, would bring downward pressure on the wholesale cost of electricity, with an ultimate flow-on effect to retail electricity prices. However, could we get any airplay on that? No, we could not, because we were drowned out at the time by the then opposition, led by none other than the member for Cottesloe, who is now the Premier, who was absolutely opposed to disaggregation, even though he had voted for it, and continued to drown out the benefits of disaggregation, particularly the introduction of the market structure and the competition that would lead ultimately to downward pressure on the generation costs of electricity.

The issue I want to raise now, member for Cannington, is the lie that is perpetuated by the Barnett government. That lie came out after disaggregation, and it continues to this today. It was repeated only yesterday by the Minister for Energy on television. That lie is that disaggregation has led to higher electricity prices for consumers. The Premier has referred to this over and over again. The Minister for Energy has also referred to it over and over again in this house, and only yesterday on television the minister continued to peddle the absolute untruth that disaggregation has led to higher electricity prices. The Minister for Energy knows that is untrue. The bald facts are very simple. The minister knows that the price freeze on the cost of electricity to householders between 1993 and 2010 led to major problems and cost blowouts. The minister should not shake his head. The minister knows that is true. The minister knows that that price freeze had a major impact not only on the retail sector, but also, ultimately, on how those costs flowed through to the major generator, Verve Energy. We had two increases in the price of electricity to householders between 1993 and 2010. One was a very minor increase that reflected the consumer price index at the time, and the other was the increase as a result of the introduction of the goods and services tax. Those were the only increases in the price of electricity between 2003 and 2010. Was that choice made by successive governments wrong? Yes, it was wrong. I said at the time, when I was the Minister for Energy, that it was wrong. I said that successive governments, including my own, were making a mistake in freezing electricity prices, because ultimately that would lead to financial damage to what could have been Western Power but that ultimately under the disaggregation model was Verve.

However, if we cast our minds back to that time and to who was responsible for the continuation of the price freeze on retail electricity tariffs in Western Australia, the culprit was none other than the members of the current government. I say that because in 2005, when we introduced the Electricity Corporations Bill into this house, the then Liberal opposition, led by the member for Kalgoorlie, Matt Birney, agreed to support that legislation and the disaggregation process only on the condition that retail tariffs for electricity be frozen until 2010. We know the damage that has caused. It has caused the state government to have to subsidise Verve to a significant amount. That subsidy has been reduced over time since electricity prices have gone up.

Dr M.D. Nahan: No, member. We have increased prices significantly, as you know, and the subsidy has actually increased, despite those sharp increases in prices.

Mr F.M. LOGAN: If that is the case, the minister needs to explain why those subsidies have increased and what the other cost impacts on that organisation are that have led to that, because our modelling, as the minister knows —

Dr M.D. Nahan: The subsidies are much lower than they would have been —

Several members interjected.

Dr M.D. Nahan: No, let me finish. If we hadn't increased the prices, the subsidy would be much larger, but the truth of the matter is, despite increasing prices, the costs have gone up commensurately.

Mr F.M. LOGAN: Right. There has to be an explanation as to why the subsidies have not come down despite an increase of 72 per cent, so far, in electricity prices. As the minister knows, the modelling that was done by the

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Office of Energy prior to 2008 showed that if we had increased electricity prices to around 75 per cent of what it was then, we would have reached cost reflective pricing of electricity. Now the minister is suggesting that that is not the case, which means that there are obviously other factors in play, and those factors are other costs that apply to either Verve Energy or the transmission costs which will ultimately flow on to Verve Energy, and the control of those costs—all of which are within the minister's own capacity to control unless, of course, it is fuel. Nevertheless, the lie that has continued to be promoted is that disaggregation has led to higher prices, and that is not true.

Mr C.J. Barnett: It has.

Mr F.M. LOGAN: That is not true, Premier.

Mr C.J. Barnett: It's patently obvious.

Mr F.M. LOGAN: The tariff freeze from 1993 to 2010 is the culprit for the need to subsidise. Of course there are ongoing increases in other costs, including fuel, but most of it—not all of it—over that period would have been taken care of if we had been allowed to increase prices. Who put the tariff freeze in place? The former member for Kalgoorlie, Matt Birney, and the Liberal opposition put the tariff freeze and the disaggregation in place as conditions of agreeing to the passing of the Electricity Corporations Act. As I have said, the Premier stood in this place and opposed it; he opposed it, but nevertheless voted for it. He voted for the tariff freeze, and that freeze remained in place, as I said, between 1993 and 2010.

Mr C.J. Barnett: Where you're wrong, member, is that there was no price freeze in the 90s.

Point of Order

Mr W.J. JOHNSTON: The member for Cockburn did not ask the Premier to interject. The Premier has been in this place long enough to know the standing orders. He knows that all interjections are disorderly and I ask you, Mr Acting Speaker, to call this to his attention.

The ACTING SPEAKER (Mr I.C. Blayney): Thank you, member. Yes, interjections are disorderly. Member for Cockburn, perhaps you can direct your comments directly to me, thank you.

Debate Resumed

Mr F.M. LOGAN: Thank you, Mr Acting Speaker.

[Member's time extended.]

Mr F.M. LOGAN: Regardless of what the Premier said in his interjection, there was a price freeze between 1993 and 2010. The Premier should not come into the chamber and make things up.

Mr C.J. Barnett: I was the minister —

Mr F.M. LOGAN: I know the Premier was. He should go back and have a look at the price increases. There was one CPI increase, and GST. That was it.

Mr C.J. Barnett: But it was not a price freeze policy.

Mr F.M. LOGAN: Regardless of whether there was a price freeze policy in place, the former Liberal government did not put tariffs up, apart from once. Then, when it was in opposition, the Liberal Party bound the passage of the Electricity Corporations Act to a further price freeze for another five years, until 2010. That is what it did.

Mr C.J. Barnett: I wasn't the leader.

Mr F.M. LOGAN: The seeds of the problem, not so much with Synergy but particularly with Verve, and the subsidies that Verve needs to operate, lie directly in the Liberal Party's decision making, because it forced the then Labor government to put in place a tariff freeze to gain its support for the passage of the bill in both this house and the other house, and the Premier knows that is true.

Mr C.J. Barnett: What you're saying post-2000 is true, but what you're saying about the 90s is not true.

Mr F.M. LOGAN: One increase, Premier—one increase. Do not try to gild the lily; there was one increase over eight years.

Mr C.J. Barnett interjected.

Mr W.J. Johnston: If you want to make a speech, get up and make one!

Mr C.J. Barnett: I might!

Mr F.M. LOGAN: I hope the Premier does.

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That is the history of the disaggregation; those are the reasons for why a re-merger is occurring now. Responsibility for the impacts of disaggregation lies completely in the hands of the party that is now in government, and now it is trying to overcome those problems by re-merging Verve and Synergy through this legislation. What will that do? It will lead to further problems in the electricity industry. Who in the Western Australian economy supports the re-merger of Verve and Synergy? Who supports it?

Dr M.D. Nahan: I do.

Mr C.J. Barnett: I do.

Mr F.M. LOGAN: Ha! Two people: the Premier whose idea it is, and the Minister for Energy, who does not philosophically agree with it, but who will do as he is told because he wants to keep his job. That is all. They are the only two people—we did not hear any other voices in support in this chamber—in the whole of Western Australia who actually support this move. Does industry support it? Absolutely not. Industry has been strident in its views, certainly to us, about its opposition to this re-merger. Why? Because of the scale of the organisation that is going to be created. The Treasurer has joked about the Labor Party being North Korean in its attitude to workplace reform legislation; well, I could repeat that and say that the Premier is effectively North Korean in his attitude to the size of the organisation that he is going to create as a result of this Electricity Corporations Amendment Bill. He is creating a monster in the electricity market and it will have a major impact on the companies that currently exist in the market, particularly the wholesale market, and their ability to be able to buy and sell openly in an open, fair and competitive way. The companies in the market at the moment are companies such as Verve, Synergy, Alinta, ERM, Griffin and Perth Energy. If we look at the scale of trading that these companies undertake and the volumes of electricity—that is, the bulk of electricity bought and sold in the south west interconnected system—the retail sector is quite small. The amount of electricity that retail consumers use is still relatively small compared with the volumes used by industry, and therefore the wholesale market is the larger share of the electricity market. Now we have a behemoth in that market—the newly merged Verve and Synergy—yet the Premier and the Minister for Energy are saying, “That’s okay; it’s all right. We’ve got these firewalls in place.” I hope they are not the same firewalls that the banking sector in New York had in place prior to the global financial crisis, because they did not have firewalls in place and said, “Don’t worry; the trading part of the banking sector won’t be talking to the other parts of the sector.” Of course, they did, and those walls were —

Mr W.J. Johnston: Very thin.

Mr F.M. LOGAN: Very thin, and ultimately it led to the global financial crisis. This is Perth; it is a very small energy sector compared with the national electricity market. It is a very small place and we have only a handful of players in the market. Will the secrecy and the firewalls be sufficient to ensure that market information is not passed from one part of the organisation to another? I doubt it. Will the other wholesalers in the marketplace be able to buy from the new merged energy organisation at what is supposed to be a reasonable open market price? We do not know. Will the new merged entity sell the electricity to them on the basis that it is normal market practice? It may and it may not. It depends on what the traders think, the financial decision they are making at the time and what profit they want to make. An entity with control of 80 per cent of the market has a major impact on the other players. The government makes no guarantees that any part of this legislation will ensure open, fair and free competition in the Western Australian electricity market. In fact, we cannot find anything really about what the market will look like because the regulations have not yet been created. The government is, basically, asking not only the opposition but also industry—that is, the wholesale players and customers—to accept these reforms, as it calls them, without full disclosure of what we are entering into. The government wants them to accept, blindfolded, that merging Verve and Synergy will be in their best interests. The detail is simply not there for the wholesale traders in the market. The government does not provide any excuse. It tells them not worry and that they will find out about it in the future. This is in an industry in which it takes at least 10 years to plan, build and execute a new coal-fired power station.

Mr C.J. Barnett: No, it does not. We did it in four—Collie A.

Mr F.M. LOGAN: For a private sector player it takes 10 years because it cannot simply max out the credit card as Hon Colin Barnett has done both as Premier and as former Minister for Energy; a private sector player cannot simply spend as it likes. It has to get approvals in place, find the land, justify the financials to the banking sector—not only here, but also around the world—for the investment structure and find customers. As we have seen with some of the bigger players in the market, it takes up to 10 years for that to happen. For projects in the renewable energy sector, such as wind farms, it does not take as long—from the idea to execution is probably about five years. Nevertheless, a private sector player has to be absolutely certain of market stability and the ongoing capacity of its investment to sell that electricity for it to execute any project. That is not what is happening here. The merger of Verve and Synergy will not provide that stability for the Western Australian

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electricity market and for rational financial investment decisions to be made. It simply will not do that. What will happen once this is in place and once it is rolled out? We will see a lack of investment from the private sector in future power generation in Western Australia.

MS R. SAFFIOTI (West Swan) [1.14 pm]: I rise to speak on the Electricity Corporations Amendment Bill 2013 and outline the Labor Party's opposition to it. This bill seeks to reduce competition in the marketplace. As we have heard, the only reason this bill is before us today is that it is a hangover from what the Premier hated during the terms of the Gallop–Carpenter governments. He did not like the disaggregation and now he has the chance to reverse it. There are no economic cases before us—absolutely none. As many people have stated, the Minister for Finance in his previous role espoused competition and the free market, yet he has introduced this bill to decrease competition. The bunch of policy zombies on the other side get a direction from the Premier in the middle of the night to start walking the streets of Perth with their outdated policies to the detriment of Western Australia. They do not get to contribute to the debate in cabinet or to the policy-making process, but are given the directive to walk around the streets of Perth trying to sell these policies. It is an absolute disgrace. In his heart of hearts the Minister for Finance does not support this bill. We know that because no person who supports the free market and competition could seriously walk into this place and introduce this bill. What motivates this? It is such a significant change to an operating market. Is there a business case to support it? No. Is there any economic case to support it?

Mr C.J. Barnett: The loss of \$1 billion.

Ms R. SAFFIOTI: The Premier is lying on that. He says it all the time. If he has so much justification, he should bring it in. He should bring in facts to justify his claims, but he does not have them. He has all the resources of government, yet he cannot get people to come in and justify any of the claims that he makes. He should bring in the economic business case.

Mr C.J. Barnett: The Gallop government was advised it would lose half a billion dollars and that proved to be the case.

Ms R. SAFFIOTI: The government has had five and a half years and the Premier has not been able to provide advice to justify anything he has said on this matter.

Mr C.J. Barnett: Have I been wrong on anything?

Ms R. SAFFIOTI: Everything. Shall we go through them? The Premier said he would get Oakajee to work—fail. He said he would get Browse to work—fail.

Mr C.J. Barnett: On this bill.

Ms R. SAFFIOTI: Sorry, the Premier is limiting it!

Mr C.J. Barnett: You could read 20 speeches I have made on this since 2000 and I have been absolutely consistent right through the Gallop–Carpenter governments.

Ms R. SAFFIOTI: The Premier has been consistently wrong. He has taken two things that are not connected and tried to connect them to justify his philosophical position on this. The Premier likes to control industry and state development. We have all seen it. When we wanted to put the Gorgon project on Barrow Island, he said no and that it should go to Maitland for all these other reasons. He tried to control it. What did the Premier say about Browse? He knew a fair and open process was happening, but he thought he knew better and he tried to make all the companies go to James Price Point. However, the companies did not want to go. The Premier thought he was the big negotiator and he said he would go overseas and bring back Oakajee. What has he done? He has done nothing. The Premier continually tries to interfere in state development and he continually fails. He goes around the CBD of Perth telling people he is a great developer. I wish we all had that front, but we do not.

Mr C.J. Barnett: Ord River, Wheatstone, Gorgon, Karara—project after project.

Several members interjected.

Ms R. SAFFIOTI: When anyone throws \$325 million at any industry, we expect an outcome. Basically, when outcomes are able to be facilitated without the heavy expenditure of government money, that is some sort of an achievement, but this government never does that. It uses the public purse.

Mr C.J. Barnett: Gorgon, Wheatstone, Karara.

Ms R. SAFFIOTI: Wheatstone was underway. The Premier opposed the expansion of the Geraldton port that facilitated the beginning of the iron ore industry in the midwest.

Several members interjected.

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

Ms R. SAFFIOTI: There is absolutely no economic case for this change.

Let us go through some of the reforms and some of the comments made about disaggregation. I refer to comments on the website of the Independent Market Operator. It indicates that in 2006 there were nine market generators in Western Australia—in 2011–12 there were 24 market generators; over 330 megawatts have been provided through facility upgrades and there are over 250 megawatts of demand side management; and Verve had 90 per cent of the market—in 2011–12 it had 57 per cent.

The Oates report referred to some of the impacts of disaggregation. At page 5, it states —

Since the Western Australian Wholesale Electricity Market ... was initiated in 2006, competition has progressively emerged with approximately 60% of the market now open to competition. Verve's share of total installed capacity has fallen from 93% in 2006 to 70% today, and is expected to be 58% by 2013. Synergy's share of the contestable market has fallen from approximately 90% in 2006 to 66% today, and is expected to be 44% of the growing market by 2013.

It states that new private generation investment has been secured. It continues —

Since 2006 the bulk of new generation investment has been provided by the private sector. Approximately 35% (estimated at \$1b) is private risk investment which has no connection to the State and approximately 65% has been procured by Synergy under long term supply contracts.

It goes on to refer to the next 10 years. This is another key point that I will refer to later. The report goes on to state that significant further investment is required over the next 10 years. It continues —

The bulk of generation investment required to 2013 is either installed or committed. From 2014 to 2028 it is estimated that growth and replacement plant costing in excess of \$10b will be required.

That is a key issue, because today we are talking about the market's ability to provide private sector investment in generation for years to come. Once again a decision has been made in this place to serve the attitude of the Premier today but it disregards the needs of the state for the next 10 to 20 years. Again and again it happens. Policy decisions are made to serve the ego of the Premier but they ignore the key issues that will confront Western Australian industry and consumers over the next 10 or 20 years.

I attended the briefing on this bill yesterday, and I thank the officers involved for the briefing. The one thing I found striking about the briefing and in my discussions with the member for Cannington was that the majority of the briefing was about how these units will be ring-fenced. Eighty per cent of the briefing entailed how we will make sure that the three components of the same entity do not talk to each other. There will be courses for people on how not to disclose information from one part of the entity to the other. The basis of the legislation is about ring-fencing units that should never have been brought back together in the first place. If there were separate units, the entire change would not need to be focused on stopping them from talking to each other. I understand that much of the change we are promoting today will bring them together and stop them from talking to each other.

Mr C.J. Barnett: Don't be foolish. It'll be a single board.

Ms R. SAFFIOTI: I know there will be a single board, but a lot of the emphasis below the CEO level is on stopping the two components from talking to each other because that will pose significant market risk.

Mr C.J. Barnett: Have you ever been inside a law firm or an accounting firm?

Ms R. SAFFIOTI: As the member for Cockburn announced, they have covered themselves with glory over the years and there were a number of scandals around the world. As I said, the focus of the briefing was on bringing the units together. The basis of what we are doing is to stop the components from talking to each other. It is absolutely counterintuitive.

In relation to comments about the price, the minister said again yesterday that disaggregation caused a 72 per cent increase in the electricity price.

Mr C.J. Barnett: No-one said that.

Dr M.D. Nahan: No, I did not.

Ms R. SAFFIOTI: Yes, he did.

Mr C.J. Barnett: No-one said that. You're just making that up. Not even I have said that.

Ms R. SAFFIOTI: Not even the Premier, and I know that he says quite a bit.

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

Mr C.J. Barnett: You accuse me of everything, but I have never said that. It was a major contributor to dysfunction in the energy industry. You were warned in government that you would lose half a billion dollars, and you did.

Ms R. SAFFIOTI: What are the Premier's warnings? How about Muja AB? What did they tell the Premier about that?

Mr C.J. Barnett: Keep to one topic. You can't have this argument.

Ms R. SAFFIOTI: No; the Premier wants to talk about warnings. Has the Premier done any analysis? He has not. Where is his business case?

Several members interjected.

Ms R. SAFFIOTI: Does the Premier have a business case for this?

Mr C.J. Barnett: You lost basically a billion dollars on this.

Ms R. SAFFIOTI: The Premier is absolutely lying.

Several members interjected.

Ms R. SAFFIOTI: The Premier is absolutely lying on this matter.

Several members interjected.

Ms R. SAFFIOTI: In relation to the 72 per cent increase in electricity prices —

Several members interjected.

Ms R. SAFFIOTI: Let us go back to what the minister said last night. Unless I am absolutely mistaken, he linked the 72 per cent increase to disaggregation. That is what he did.

Dr M.D. Nahan: I did not.

Ms R. SAFFIOTI: Yes, he did.

Mr C.J. Barnett: He did not say that.

Ms R. SAFFIOTI: He did. How does the Premier know?

Dr M.D. Nahan: Where?

Ms R. SAFFIOTI: He said it last night on television. The key issue why electricity prices —

Dr M.D. Nahan: We had to increase prices by nearly 72 per cent. Despite that, costs have gone up and subsidies have risen. That is what I said.

Ms R. SAFFIOTI: No, he did not. It has been a deliberate policy move of this government to increase electricity prices by 72 per cent.

Dr M.D. Nahan: We inherited your mess.

Ms R. SAFFIOTI: Because the tariffs were frozen.

Mr C.J. Barnett: Come on! What a weak government Labor was. If you blame an opposition for your foolish legislation, that is the weakest thing I've ever heard. It was as weak as water. So you were incapable of governing, were you? You thought we would govern from opposition.

The ACTING SPEAKER (Mr I.C. Blayney): Members! Could the member for West Swan direct her comments directly to me, and everybody else can just listen like I am.

Ms R. SAFFIOTI: The tariffs were frozen, so there was a differential between the cost of providing electricity and the prices. That was basically it, and that is why there was a subsidy. There was a deliberate decision to provide that subsidy through the consolidated fund. Then these guys opposite made a deliberate decision to increase electricity prices by 72 per cent. That is what happened.

Mr C.J. Barnett: You have to tell the truth. You are nowhere near the truth.

Ms R. SAFFIOTI: That is what happened. We made a deliberate decision to subsidise electricity consumers through the consolidated fund.

Dr M.D. Nahan interjected.

The ACTING SPEAKER: Members! I have said that I just want to hear the member for West Swan, so I ask you to make no more interjections.

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

Ms R. SAFFIOTI: We made a deliberate decision to subsidise electricity consumers through the CF. This government made a deliberate decision to increase electricity prices by 72 per cent. There is nothing factually wrong or hysterical about that comment. It is fact. We subsidised electricity users through the consolidated fund and this government increased electricity prices by 72 per cent. Accept and wear that. There were subsidies to the user. Come on—honestly.

Let us go back to the bill. The minister walked into this place and introduced a bill that reduces competition in the marketplace.

Mr F.M. Logan: That will fix it!

Ms R. SAFFIOTI: Exactly. It creates a disincentive for further investment over the next 10 to 20 years. Where will that further investment come from? The government has lost the state's AAA credit rating. It is out there trying to sell things. We have a perfectly good operating market with private participation in generation, but the government wants to stop that working and the state will have to provide that funding. That is what it has done. Since the state election, the government has lost its AAA credit rating. The government is identifying things to sell. This will be a big disincentive for private generation. The government has created enormous uncertainty in the market. Even its own report reflected on the fact that significant private sector generation has occurred since 2006 and that there will need to be—not now—significant new generation in the market in the next 10 to 20 years. It is actually creating a disincentive for private generation in decades to come. I reflect again on the fact that a lot of the detail will be contained in regulations and not in this bill. The minister has brought a bill to Parliament but a lot of its key substance will not be contained in it; it will be contained in regulations.

I raise an issue about corporatised entities and their role in the public sector. Corporatised entities have a profit motive; that is what they are.

[Member's time extended.]

Ms R. SAFFIOTI: The minister is basically handing back a lot of market power to a new entity that will control 80 per cent of the market, as the member for Cockburn outlined. There is basically legislative priority for any board or any CEO to profit-maximise. That is their role in directing these companies. How the government will ensure that the ring-fencing holds up and that there will be no abuse of market power is something that has not been explained fully to us. I have absolutely no idea how the government will do that.

Another key point that the member for Cannington raised was the role of the Auditor General in assessing and analysing the prices, and the company statements. I do not know why the Auditor General was included and not the Economic Regulation Authority, given its significant depth of knowledge on this issue. The ERA looks at markets such as this and determines proper prices and outcomes from that. Why the government has given the role to the Auditor General and not the ERA is worthy of explanation.

During the briefing I was told that there will be savings from three key areas. I will go through them. The first related to overheads because of the merging of entities. There will be some minimal savings but they will be eaten up by all the other safeguards, including training and processes. I would say that some of the costs involved in ensuring these units are properly ring-fenced once they have been brought together will outweigh many of the savings.

The other two savings put forward were from portfolio optimisation and maximising fuel purchases. None require a merged entity to achieve —

Dr M.D. Nahan: Yes, it does.

Ms R. SAFFIOTI: No, it does not. As an owner of both, the government can achieve both of those through other mechanisms. It does not need to merge those entities to achieve the purported savings. The costs that have been put forward are dubious. The first saving is in overheads. There may be some savings, but there are costs in trying to ensure that these ring-fenced units are not operating together but are operating independently. The other two purported savings, portfolio maximisation and maximising fuel purchases, could have been done without bringing those units together.

Several members interjected.

Point of Order

Mr W.J. JOHNSTON: I did not interject on the minister. I did not ask the minister to interject. I made a quiet aside, which I do not know was even heard across the chamber, to the member on her feet.

The ACTING SPEAKER (Mr I.C. Blayney): It was a very clearly heard aside. I heard it without any trouble at all.

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

Mr W.J. JOHNSTON: I am still not sure why the minister is yelling at me for that.

The ACTING SPEAKER: I take your point of order, member. Minister, I would rather you did not interject on other members. Member for Cannington, I would say that if you are going to whisper asides to each other, it is probably better they be inaudible to the rest of the house.

Debate Resumed

Ms R. SAFFIOTI: Basically the minister has walked into this house with a bill and said, “Trust me. Trust this government on energy policy”—a government that has lost over \$300 million —

Mr W.J. Johnston: Billion! It was \$330 million just on —

Ms R. SAFFIOTI: That was on Muja AB.

Dr M.D. Nahan: There is an asset there. It is not lost.

Mr P.C. Tinley: It is only a loss if you sell!

Ms R. SAFFIOTI: Does the minister not believe he has lost any money on Muja AB?

Dr M.D. Nahan: We invested a lot of money into an asset that was going to generate income. If you call that a loss, you do not know what you are talking about.

Ms R. SAFFIOTI: Has there been a loss?

Dr M.D. Nahan: It is still operating.

Ms R. SAFFIOTI: Has there been a loss?

Dr M.D. Nahan: It will be around for 15 years.

Ms R. SAFFIOTI: Has there been a loss?

Dr M.D. Nahan: Not yet, because it is still operating.

Ms R. SAFFIOTI: The policy zombies of the government, who are called in to get instructions —

Dr M.D. Nahan: I will tell you what—Shared Services lost!

Ms R. SAFFIOTI: For someone who has overseen an energy portfolio that has lost money here and there, over \$1 billion, seriously, he sits there and criticises everybody else. The minister does not accept the facts; that is the problem. Like I said, I wish we could all be like this guy and accept no guilt or blame and never accept any fact. He can argue anything, but he actually has to realise where he has gone wrong. Honestly! Muja AB —

Dr M.D. Nahan interjected.

Ms R. SAFFIOTI: The minister is sitting in here bringing in policies to reduce competition in the marketplace. That is after the government brought in legislation to increase taxes. He is sitting here trying to be some sort of economic guru. The government has lost over \$300 million in Muja AB. It completely stuffed the solar subsidy issue. The minister disregarded advice. He did not seek advice. He went into cabinet to cancel existing contracts without seeking legal advice. The minister comes in here criticising other people. The member is a minister now. He went into cabinet without seeking legal advice —

Dr M.D. Nahan: Really! Were you there?

Ms R. SAFFIOTI: The minister told us.

Point of Order

Mr F.M. LOGAN: Obviously interjections are part of Parliament—there are no problems with that. Mr Acting Speaker would notice from the chair that when the member for West Swan gets on her feet, she cops more interjections than many of us who have stood on our feet and given similar critical speeches. If the minister is that soft that he cannot cope with that criticism from the member for West Swan, he should leave his portfolio and go back to the backbench. The minister should give the member for West Swan the respect that is due as a member of Parliament and stop interjecting on her.

Dr M.D. NAHAN: If someone points at me and makes statements, she is asking for a response.

The ACTING SPEAKER (Mr I.C. Blayney): Member for West Swan, I have asked you to direct your comments to me. To a point, I think you are baiting the minister. It would be better if you directed your comments directly to me.

Debate Resumed

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

Ms R. SAFFIOTI: For a minister who lost over \$300 million in the Muja AB scandal, who did not take any legal advice when he went into cabinet to cancel existing contracts, and who is critical of other people, he is absolutely hypocritical. There should be no confidence in this government on this issue. It is undoing a reform that has seen private generation into the market at record rates and would secure investment into the private generation industry for decades to come. The government has no business case and no economic case to put forward on this matter. It said, particularly in the lead-up to the election, that it would not merge these two entities.

Amendment to Motion

Given that today we are discussing the motion that the bill be now read a second time, I move —

To delete “now” and insert after “time” —

only after a comprehensive business case has been tabled which shows the costs and savings occurring through the merger of Verve and Synergy

Ms R. SAFFIOTI: I understand I have seven minutes to conclude this part of the debate on the amendment I have just moved.

Point of Order

Mr C.J. BARNETT: The member has now moved an amendment and I seek some clarification. Is she speaking on the second reading debate or is she speaking to the amendment she has just moved, and is the amendment permissible?

The ACTING SPEAKER (Mr I.C. Blayney): She has seven minutes to speak and at the end of those seven minutes, she will have finished her comments on the second reading speech and finished speaking to the amendment.

Mr C.J. BARNETT: If the member does that, can you clarify, Mr Acting Speaker, whether we will be on the second reading debate or on the debate on the amendment?

The ACTING SPEAKER: We will be on the debate on the amendment.

Debate on Amendment to Motion Resumed

Ms R. SAFFIOTI: The key reason I moved the amendment is that this bill should not have been introduced and we should not support the second reading unless a business case is properly developed. In our briefing yesterday we were told that a business case is being developed and likely to be finished around Christmas time. That is again a complete failure of process by this government. The government has come into this place and put in jeopardy billions of dollars of capital investment around the state. It will once again create chaos and confusion in an industry because it does not have a properly prepared business case. That is extraordinary. When the Gallop government moved to disaggregate and create the wholesale electricity market, it did so on the basis of clear advice. I understand—the member for Cannington will go into this in a lot more detail—that there was the 2009 Oates in report, and that the previous Minister for Energy, Hon Peter Collier, commented in the other place that there would not be a re-merger. As I said, the 2009 Oates report clearly highlighted that disaggregation encouraged significant private sector investment into the market.

This legislation is a radical move. This attempt to reduce competition in the market place—to re-aggregate, if there is such a word, or to merge these two entities—will send the whole process backwards. The normal approach in these processes is to disaggregate in order to increase contestability across the market. This legislation will send it backwards. It seeks to give a significant majority of the entire market to one entity—the new merged entity. To do so without a clear business case is the wrong thing to do. I again ask the minister: why has such a business case not been prepared? His second reading speech was one of the most political, false and incorrect second reading speeches I have ever read. The majority of it—about 70 per cent—attacks this side of the house purely for political reasons; it does not contain clear reasons for the change. It is pure propaganda. Normally, second reading speeches are based on fact and do not contain propaganda. We have no business case in front of us. All we have are some purported benefits. There is no strong business case. In fact, all the advice we have received on this side of the house is contrary to why Verve and Synergy should merge. I think it is very important that we pass this amendment today to ensure that we get a properly prepared business case.

Question to be Put

MR J.H.D. DAY (Kalamunda — Leader of the House) [1.45 pm]: I move —

That the question be now put.

Division

Extract from Hansard
[ASSEMBLY — Wednesday, 30 October 2013]
p5642b-5656a

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

Question put and a division taken, the Acting Speaker (Mr I.C. Blayney) casting his vote with the ayes, with the following result —

Ayes (33)

Mr P. Abetz	Mr J.H.D. Day	Mr R.F. Johnson	Mr J. Norberger
Mr F.A. Alban	Ms W.M. Duncan	Mr S.K. L'Estrange	Mr D.T. Redman
Mr C.J. Barnett	Ms E. Evangel	Mr R.S. Love	Mr A.J. Simpson
Mr I.C. Blayney	Mr J.M. Francis	Mr W.R. Marmion	Mr M.H. Taylor
Mr I.M. Britza	Mrs G.J. Godfrey	Mr J.E. McGrath	Mr T.K. Waldron
Mr T.R. Buswell	Mr B.J. Grylls	Mr P.T. Miles	Mr A. Krsticevic (<i>Teller</i>)
Mr G.M. Castrilli	Dr K.D. Hames	Mr N.W. Morton	
Mr V.A. Catania	Mr A.P. Jacob	Dr M.D. Nahan	
Ms M.J. Davies	Dr G.G. Jacobs	Mr D.C. Nalder	

Noes (17)

Dr A.D. Buti	Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley
Mr R.H. Cook	Mr F.M. Logan	Mr J.R. Quigley	Mr D.A. Templeman (<i>Teller</i>)
Ms J. Farrer	Mr M. McGowan	Ms M.M. Quirk	
Ms J.M. Freeman	Ms S.F. McGurk	Ms R. Saffioti	
Mr W.J. Johnston	Mr M.P. Murray	Mr C.J. Tallentire	

Pairs

Mrs L.M. Harvey	Mr B.S. Wyatt
Ms A.R. Mitchell	Mr P.B. Watson
Mr C.D. Hatton	Ms L.L. Baker

Question thus passed.

Amendment to Motion Resumed

Question put and a division taken, the Acting Speaker (Mr I.C. Blayney) casting his vote with the noes, with the following result —

Ayes (18)

Dr A.D. Buti	Mr D.J. Kelly	Mr P. Papalia	Mr C.J. Tallentire
Mr R.H. Cook	Mr F.M. Logan	Mr J.R. Quigley	Mr P.C. Tinley
Ms J. Farrer	Mr M. McGowan	Ms M.M. Quirk	Mr D.A. Templeman (<i>Teller</i>)
Ms J.M. Freeman	Ms S.F. McGurk	Mrs M.H. Roberts	
Mr W.J. Johnston	Mr M.P. Murray	Ms R. Saffioti	

Noes (34)

Mr P. Abetz	Ms M.J. Davies	Dr G.G. Jacobs	Mr D.C. Nalder
Mr F.A. Alban	Mr J.H.D. Day	Mr R.F. Johnson	Mr J. Norberger
Mr C.J. Barnett	Ms W.M. Duncan	Mr S.K. L'Estrange	Mr D.T. Redman
Mr I.C. Blayney	Ms E. Evangel	Mr R.S. Love	Mr A.J. Simpson
Mr I.M. Britza	Mrs G.J. Godfrey	Mr W.R. Marmion	Mr M.H. Taylor
Mr T.R. Buswell	Mr B.J. Grylls	Mr J.E. McGrath	Mr T.K. Waldron
Mr G.M. Castrilli	Dr K.D. Hames	Mr P.T. Miles	Mr A. Krsticevic (<i>Teller</i>)
Mr V.A. Catania	Mr C.D. Hatton	Mr N.W. Morton	
Mr M.J. Cowper	Mr A.P. Jacob	Dr M.D. Nahan	

Pairs

Mr B.S. Wyatt	Ms A.R. Mitchell
Mr P.B. Watson	Mrs L.M. Harvey
Ms L.L. Baker	Mr J.M. Francis

Question thus negatived.

Second Reading

Resumed from an earlier stage of the sitting.

MR C.J. TALLENTIRE (Gosnells) [1.55 pm]: I rise to speak to this very important piece of legislation—namely, the Electricity Corporations Amendment Bill 2013. Before going into my speech, I would like to acknowledge the students in the public gallery from Forest Crescent Primary School, an excellent school in my electorate, and acknowledge as well that it was recently commended for its efforts in being a Waterwise school. I gather it is an ambition for the school to become a carbon-neutral school in the future as well. It is entirely appropriate that we acknowledge those ambitions of the school, given that we are talking about electricity generation and how we design our electricity system in Western Australia. Considering the complexities of the huge demand that we have for electricity and all the complexities around how electricity is generated, distributed and retailed, it is very important that we look at all the aspects.

Extract from *Hansard*

[ASSEMBLY — Wednesday, 30 October 2013]

p5642b-5656a

Dr Tony Buti; Mr Fran Logan; Mr Bill Johnston; Acting Speaker; Ms Rita Saffioti; Dr Mike Nahan; Mr Colin Barnett; Mr John Day; Mr Chris Tallentire

What we have just seen in this Parliament is a real travesty of what Parliament should be about. Parliament should be about debating issues and looking at important aspects such as business cases for important pieces of legislative reform. But we have seen members of the Liberal and National Parties opposed to even debating the need for a business case. No business case has been presented to us to support these reforms but the government was not even prepared to debate the need for that business case. That is a very disappointing move on the part of the government—to quash debate on the need for a business case. I really cannot understand it. Given the commitment that those opposite so often make to things such as business cases, I would have thought this would be their primary concern.

I express my extreme disappointment that this legislation has been considered urgent. It is normal practice in this place for a bill to be second read and then laid on the table for three weeks so that we can consult with stakeholders and talk to experts in the field as necessary and so that I can consult with groups I am a member of that are tackling the complexities of things such as electricity sector reform, a group like the Sustainable Energy Association. I had to speak to the CEO of that organisation this morning, explaining to her that we have had this incredibly short time frame to consider the detail of the legislation. The Sustainable Energy Association would have liked to discuss the matter with the shadow Minister for Energy and me, to have gone into it in some detail and to put forward its very legitimate concerns that those in the renewable energy sector would naturally have. But the government has decreed that this is an urgent bill and one that must be rushed through Parliament without respecting Parliament's normal procedures of laying a bill on the table for careful consideration. That does not augur well for this legislation. There is a real concern about what we are going into here. It is complex legislation, yet we are rushing it through. That is a real shame. It could be setting us up to fail. We are setting ourselves up to have legislation with holes in it because it has not been properly considered.

In my speech I want to address a host of issues, such as how we ensure that there is adequate contestability when we merge Synergy—all members and those people in the public gallery, including the students from Forest Crescent Primary School, will know about the work of Synergy, sending out electricity bills—with the biggest electricity generator in Western Australia, Verve Energy, to create an enormous organisation that will have incredible decision-making power and incredible power to drive how the whole sector operates. We are also talking about doing some internal ring-fencing within Synergy and Verve so that there is no cross-communication. There is an implausibility about that that really worries me. We have to see how our system will be designed for the future. It is one thing to talk about redesignating different roles and the components of the system but it is another to actually discuss how the model works and the arrangements for the model. I think that is the point that the government has failed to comprehend and deal with in this legislation.

Debate interrupted, pursuant to standing orders.

[Continued on page 5666.]