

ELECTRICITY INDUSTRY BILL 2003

Third Reading

HON TOM STEPHENS (Mining and Pastoral - Minister for Local Government and Regional Development) [3.45 pm]: I move -

That the Bill be now read a third time.

HON GEORGE CASH (North Metropolitan) [3.45 pm]: In supporting the third reading of the Electricity Industry Bill 2003, I will make some brief comments. Firstly, I recognise that when the Labor Party went to the election in 2001 it notified the community of part of its platform, which included the splitting of Western Power into a number of discrete units. After the election, which the Labor Party won, the Minister for Energy appointed the Electricity Reform Task Force. The task force called for public submissions on the issue of splitting Western Power into a number of discrete units. It considered the various public comments that came back to it and in due course reported in final form with recommendations to the minister. On receiving the ERTF's final report, the minister proceeded to draft legislation to achieve the previously stated objectives of the Government. From that drafting, this House was presented with three Bills: the Electricity Corporations Bill 2003, the Electricity Legislation (Amendments and Transitional Provisions) Bill 2003 and the Electricity Industry Bill 2003.

It is true to say that between 2001 and 2003 there was significant public discussion on the effect of splitting Western Power into a number of discrete units. Many groups within the community supported the Government's stand, and just as many groups were opposed to the Government's stand. Those groups made their comments public through statements to the media over time. During that time I had the opportunity to speak to a number of senior Western Power executives. Things have become clearer to me in recent weeks, because the people I spoke to at Western Power were always rather coy about indicating whether they supported or opposed the Government's proposals. I say that things have become clearer to me in recent weeks because it now seems, from some media statements published over the past week or so, that the Government's proposals had met some considerable opposition within the senior management levels of Western Power. If those media reports are correct, the Government, and indeed the community, clearly has a problem with the use of taxpayers' funds to mount a campaign of opposition to the Government's stated policy objectives.

I read with interest an editorial in last week's *Sunday Times*, dated 28 March, under the headline "Culprits must be caught", which states -

THE revelation that Western Power sneakily contributed \$35,000 to a campaign opposing the Gallop Government's electricity reforms is shocking.

The misuse of public funds was an act of skulduggery, reminiscent of shady transactions last seen during the WA Inc era.

It is also an affront to all West Australians, regardless of their views on the plans to split Western Power into four separate entities.

The general public will take a dim view of bureaucrats pilfering the utility's coffers to fund a campaign against the Government's plans for Western Power.

And Energy Minister Eric Ripper, armed with information supplied to him by *The Sunday Times*, was right to take the matter directly to the new Crime and Corruption Commission.

If taxpayers' money was spent in late 2002 on a campaign designed to derail the Government's plans and maintain the status quo and privileged position for a few in the corporation, that was corrupt.

At page 48, the *Sunday Times* carried another article, which was written by John Flint. The article contains a photograph of what is said to be an Australian Services Union account transaction note, which shows \$35 000 being credited to the account and various amounts being debited from the account. As I said, that incident is now the matter of an inquiry before the new Corruption and Crime Commission. It will be interesting to see what will be the outcome concerning that incident.

The Electricity Industry Bill 2003 is a Bill for "An Act to govern the operation and regulation of the Western Australian electricity industry and for related purposes." It is the only Bill of the three Bills presented to this House that the Government intends to continue with. Notwithstanding the amendments that have been made by the Government to this Bill, in my view, this Bill is not perfect. The good point is that it at least provides the necessary heads of power to establish a number of important matters concerning the supply of electricity to the south west interconnected system. For instance, there are heads of power that will now provide for additional licensing of electricity supply to certain customers, which includes supply contracts, connection to the distribution system and default supplier arrangements. It also provides heads of power for last resort supply

arrangements for electricity generally, a code of conduct for supply to small-use customers, the establishment of an electricity ombudsman scheme, which will be an important addition to the supply and consumption of electricity in Western Australia, access to services of network infrastructure facilities and a wholesale electricity market. As I said, it is not a perfect Bill but it will certainly enable the Government to get on with the job concerning its earlier stated intentions.

The position of the Liberal Party was always to support the Electricity Industry Bill 2003. It previously advised that it would support a separate networks corporation and a regional power corporation but that it would not support a separate generation corporation or a separate retail corporation. The Government has decided to progress only the Electricity Industry Bill. Various amendments were made to the Bill to remove preferences to the Electricity Corporations Bill 2003 and the Electricity Legislation (Amendments and Transitional Provisions) Bill 2003. The reason we have supported the Electricity Industry Bill is that we see it as a step forward; that is, an incremental improvement to electricity supplies in the south west interconnected system. This House has seen a fair bit of debate on this Bill. As it has now reached the third reading stage, it seems to me that it is up to the Government to get on with the job and ensure there is an ongoing, consistent and reliable supply of electricity to the south west interconnected system and to further ensure that greater efficiencies are incorporated into that integrated system without jeopardising a quality reliable electricity supply for all consumers in the SWIS. Now is not the time to talk about the failings of the Government on the production of electricity that occurred a number of weeks ago throughout the SWIS. It is not the time to dwell on the internal inquiry at Western Power into the blackout that cost tens of millions of dollars in lost production. In support of this Bill, the Opposition will take a very keen view on how the Government progresses this Bill and, more than that, how it intends to overcome the hurdles it has erected for itself in allowing the electricity system in the south west to deteriorate to the position we now find it in. With those comments, I indicate our support for the Bill.

HON MURRAY CRIDDLE (Agricultural) [3.55 pm]: I made my position known on this Bill by making sure that country people would receive a reliable electricity supply by guaranteeing in the Bill expenditure of money to upgrade the south west interconnected system. I have said that right through the debate. Obviously, the Government has not taken up the invitation to use this opportunity to guarantee funding in that regard.

The National Party has met with various people throughout its electoral regions. As members know, a meeting was held at Koorda, which I outlined earlier. People indicated very keenly that the situation of supply in those areas is not up to scratch. I have met senior industry representatives recently and they made it clear to me that they want the opportunity to join with the generation of electricity in Western Australia. I realise that this Bill does just that. I am trying to make the point that we need a good and reliable distribution system. Meetings were held in Koorda and Jerramungup. The Koorda meeting saw 250 people turn up. They certainly made their views known that the network, including the conductors and the poles, were not up to scratch. The same occurred at Jerramungup when we met there. To underline the expectations of reliable supply, I refer to the booklet, "Information for Electricity Consumers in WA", which refers to expectations of supply in areas. It states that the average number of times consumers' supply is interrupted each year for rural and country areas, other than for areas supplied by an isolated network, is four. I can assure members that, in our part of the world, supply goes out regularly. This Bill contained the opportunity to facilitate putting in place a program such as \$50 million a year for 10 years. That is the sort of money required. The average duration of each interruption should be 60 minutes. When we were at Koorda, people were talking of interruptions of up to 80 hours. It is just not good enough to have a system like that. We are putting in place Bills that do not accommodate the opportunity to guarantee supply. The Director of Energy Safety, Albert Koenig, stated that the issues that Western Power should be proactive about include monitoring the performance of the entire electricity network, taking action to ensure the network's reliability and ensure the network's capacity to adequately accommodate the natural load growth. I do not know whether those issues have been even half addressed. We hear regularly from the minister that \$900 million has been set aside. In answer to a question asked in the other House, he tried to say that the National Party was totally ineffective. That is proven to be incorrect because, as soon as we held the meetings in Koorda and Jerramungup, the issues were addressed in Koorda, Kondinin and Bremer Bay. The people at Bremer Bay are pretty pleased with the outcome. Immediately, \$48 million was set aside to address the issue. However, the issue is far greater than those particular areas. It needs to be taken up and addressed. The point that I make about the Bill is that those issues have not been addressed at all. I realise the requirement of the Bill to create the opportunity for generation, and that has been addressed to some extent. There is also the issue of headworks. As was pointed out to me at the Gingin local government zone meeting just a few days ago, the cost of headworks to join up to the electricity system is \$8 000 a pole. That is absolutely exorbitant for industry. Nobody can be expected to accommodate that sort of cost in headworks charges. I encourage the Government to take on board that particular issue and give people in country areas an opportunity to get industry going.

I know that if I move to oppose this Bill, I will be a single voice, and obviously the House will not divide, so I just put on the record the points I have made about the cost of headworks, the need to upgrade the south west

interconnected system and the need to take on board the issues raised by Albert Koenig, the Director of Energy Safety, in his report - monitoring the performance of the entire electricity network, taking action to ensure the reliability of the network and ensuring the network's capacity is adequate to accommodate natural load growth. They are the issues country people want addressed so that when we turn on the lights at the end of the line - where I happen to live - we have some surety of power, and are able to readily use modern computer and Internet technology, like everybody else in business in Western Australia.

HON ROBIN CHAPPLE (Mining and Pastoral) [4.02 pm]: I take up the points just made by my colleague opposite. It is estimated that Western Power will need to spend between \$1 billion and \$2 billion on enhancement of the distribution systems in the next 10 years. Most probably \$1 billion will have to be spent in the next eight years. Now we have reached the point of passing this legislation, I hope Western Power can put its eye back on the ball, so to speak, and start dealing with some of those transmission issues across the board.

I will review how we got to where we are and identify the shemozzle into which we have got ourselves about the disaggregation of Western Power. That arose from the advice of Dr Bob Booth to the present Minister for Energy before the Government came into power. Bob Booth is a brilliant electrical engineer who had worked for Western Power, but had had some problems with Western Power over time. This might have led to the idea of splitting Western Power, as opposed to decorporatising it or providing the minister with some power to direct it. The Government's four-way split, according to estimates, was likely to cost around \$153 million. The experience of other nations is that the estimate is usually about one-third of the actual amount, so we can say that the total cost of this process would be around \$300 million. We must remember that the south west interconnected system is very small, and disaggregating it is akin to trying to break up the corner deli and make each component of that deli a functioning and viable entity. I do not think that was going to happen.

As we moved into the final debate there was certainly a lot of conjecture that this was about the renewable energy sector. It was not, from the outset, and this became a ploy at the end of the process to try to attract the support of the Greens (WA) for the disaggregation of Western Power. Referring to the points made by Hon George Cash about the establishment of the Electricity Reform Task Force, that task force was charged with one job: to implement the Government's proposed splitting of Western Power. We must remember that in 1992 the Labor Government, under the direction of the then Minister for Energy, implemented the splitting of the State Energy Commission of Western Australia into the two arms of gas provision and transmission, as well as the establishment of Western Power as we know it today. That minister was the current Premier, Dr Geoff Gallop. There is a rather nice picture of Dr Gallop in the 1992 annual report of SECWA. When it existed SECWA had far greater community obligations for the provision of services and responsibility. It is important to note the guiding principles of SECWA. I will go back a little further to a policy document for the 1989 state election released by the Australian Labor Party, about renewable energy. It states what the Labor Party thought about renewable energy.

The PRESIDENT: Order! I trust the member is relating this to the reason for a third reading debate and what has happened after the committee stage and does not alter anything or repeat a second reading contribution, nor recapitulate history for the sake of history. I look forward to hearing the relevance of the argument.

Hon ROBIN CHAPPLE: I will present the relevance of the argument very shortly, in terms of the amendments moved during the Committee of the Whole.

The document refers to policies contained in a previous document entitled "Greenhouse - Meeting the Challenge", and states -

Labor will in addition:

- Use renewable technologies in its own activities where it is cost efficient to do so.
...
- Provide subsidies to remote area electricity consumers who purchase renewable technologies
...
- Develop a detailed data base on the Western Australian renewable energy appliance industry.
- Help the industry with access to Commonwealth and State assistance programs.

On three occasions, the Greens (WA) moved amendments during the debate, after being made an offer by the Minister for Energy, Hon Eric Ripper that if we came on board with support for the four-way split, he would support a 10 per cent renewable energy target. We moved at one stage during the committee stage for a 10 per cent target. That was not accepted. We then went on to provide ways and means for the minister to establish a 10 per cent target and, when that fell over, we moved on to propose that the minister be able to establish

whatever he saw as a suitable renewable energy target. The minister representing the Minister for Energy did not accept any of those amendments.

We need to move forward on the provision of renewables in this State. I have advised the Minister for Energy and some of his advisers that if the minister has a problem in directing Western Power, which we believe is not operating in the best interests of the community, we would be more than happy to assist the minister to acquire more direction over the utility. An issue that Hon Murray Criddle touched on is the ability to service and provide succour to the regions. That is a concern.

Hon Murray Criddle: I hope you did not spell that as “sucker”!

Hon ROBIN CHAPPLE: It requires the minister to start dealing with these issues. We note that when the State Energy Commission of Western Australia operated, it had about 6 000 employees. In the late 1980s about 600 of those employees went to the gas utility during the split up, and currently Western Power has only 2 700 employees. If we need - as has been articulated by the member opposite - to deal with the problems of transmission within the regions, I suggest that the minister start putting on the ground, through some direction of Western Power, the required number of staff to do so. Also, Western Power will need to look at how it returns to the State the community service obligations that were originally articulated in the SECWA legislation.

During the debate, the Greens (WA) had concerns about a provision that effectively gives utilities that were established under this Bill, the provision to compulsorily acquire lands for the purpose of their infrastructure and transmission corridors. The Greens have always believed that the ability for the Government of the day to compulsorily acquire land is clearly the role of the Government. We believe that providing a utility with that power moves beyond the realms of the responsibility of that utility. Those powers should have remained with the Government. I urge the Minister for Energy to now provide, via regulation, the ability for renewable energy systems to have access to the grid. The renewable energy generators need the provision of subtle subsidies and a relaxation of performance criteria to get into the grid system. This matter was debated at some length during the second reading debate. It now remains with the minister, via a regulatory process, to do something about that. With that in mind, I hope that the minister representing these matters in this House will be able to indicate to me in his speech when and where such top-up and spill regulations are to be gazetted and when general renewable access regime regulations are to be implemented and/or gazetted. On that basis, the Greens support the legislation but indicate that we believe the minister has a lot further to go. If the minister wishes to gain control over Western Power, we offer our assistance in doing so.

HON TOM STEPHENS (Mining and Pastoral - Minister for Local Government and Regional Development) [4.14 pm]: I thank members for their expression of support or otherwise. I will refer members' comments to the Minister for Energy so that he is aware of their admonitions and advice. I commend the Bill to the House.

Question put and passed.

Bill read a third time, and returned to the Assembly with amendments.