



ELECTRICITY SUPPLY, EYRE PENINSULA 22 September 2003

Mrs PENFOLD (Flinders): Can the Minister for Energy guarantee that the Eyre Peninsula electricity supply network will not collapse this summer as a result of increased risks of some system network disturbances in the Whyalla area? The Electricity Supply Industry Planning Council states on page 96 of its Annual Planning Report to June 2003 that:

As a consequence of location, network performance limitations affecting the Whyalla area reflected and magnified through Eyre Peninsula. There exists increased risks that some system network disturbances, whilst not impacting the Whyalla area greatly, could lead to system collapse of the Eyre Peninsula network.

Mr Speaker, you would be aware that this so-called network relies on a single, very old 132 kilovolt line between Whyalla and Port Lincoln to support an area almost the size of Tasmania.

The Hon. P.F. CONLON (Minister for Energy): I would be far better placed to provide a guarantee of that nature if the previous government had not sold the electricity assets to the private sector.

Members interjecting:

The Hon. P.F. CONLON: Sir, let me make it absolutely clear, if they do not understand it. We do not own the transmission system. They sold it. We do not own that 132 kilovolt line because it was sold to the private sector. We have put in place a number of protections to make sure that the private sector is delivering to the people of South Australia—

Members interjecting:

The Hon. P.F. CONLON: It is a red letter day, sir. Apparently the opposition has changed its policy—they now want us to buy ETSA back. At last they recognise their mistake. I have been waiting two years for this. *Members interjecting:*

The SPEAKER: Order! The member for Davenport does not need to give the Minister for

Energy assistance—he has enough energy of his own.

The Hon. P.F. CONLON: Thank you, sir. I have just been advised that it has not been sold: it has been leased—for a very long time. But while we have to endure a system that was sold by the previous government, we have in place a number of safeguards around reliability. I am sure the member for Flinders would know that upgrading transmission systems involves an application by the operator of the regulated asset to the ACCC. It is that asset, regulated by the ACCC, that is the subject of the report of which she speaks. However, I will certainly check with all those authorities. I again point out that what we have here is a transmission system that we do not own, leased for 200 years to the private sector by the previous government—not sold; of course we can get it back in a couple of hundred years' time—

An honourable member: We'll all be around.

The Hon. P.F. CONLON: Now they will want us to get the State Bank back! From the sublime to the ridiculous!

Mr BROKENSHERE (Mawson): Sir, I rise on a point of order. The minister continually misrepresents statements made by other members.

The SPEAKER: There is no point order. I presume that the minister has completed his reply?

The Hon. P.F. CONLON: Yes, sir.

ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) BILL 27 May 1998

Mrs PENFOLD (Flinders): Unlike members opposite, I believe that governments should not be in enterprises that can be run by private enterprise. Public servants do not have the same drivers as entrepreneurs; they do not risk their own money or have shareholders to account to. Monopolies— public or private—cannot develop the same initiative that is caused by competition, competition which will help to drive prices down and usually provide better service.

If our businesses are to compete on the world scene, they must have the lowest overheads that can be obtained. And compete on the world scene we must, if we are to provide jobs for our children into the future. Our future and that of our children is to export not only our raw materials which our wonderful State has in abundance but also to value add these raw materials and export them. Be they minerals—copper, gold, silver or uranium—our seafood—tuna, prawns or oysters—or our grains—wheat, barley or perhaps canola— value adding them means jobs for South Australians.

It is amazing how hypocritical the Labor members are over the sale of ETSA just to

score political points and not, I believe, in the best interests of South Australians. If it were in the best interests of South Australians to own our power supplies, why did they sell the Government's majority shareholding in SAGASCO in 1993 to Boral Energy?

From 1988 to 1993, the South Australian Government held a majority of shares (originally 82 per cent) as a result of the merger of the South Australian Oil and Gas Corporation and SAGASCO. It should be noted that the combination of Boral Energy and Envestra is providing a very high standard of service to South Australian consumers as did, I understand, the company from which it originated, the Gas Company, which was listed on the Australian Stock Exchange in 1861. This clearly illustrates that energy distribution by private companies can work perfectly well and need not be the exclusive province of Government. It is interesting to note that an offshoot of SAGASCO, Envestra Limited, is, according to a letter from its Managing Director, Mr Ollie Clark, 'considering its options as a possible bidder for some of the ETSA assets, principally its poles and wires distribution network'.

We have heard a number of speakers mention Premier Tom Playford being the architect of ETSA and that it is our heritage that we are selling. What rubbish! From what I have heard, Tom Playford was a liberal who believed in private enterprise and a very practical man as farmers usually are. He saw a need at the time to provide power to the State that he believed could be filled only by Government. However, things have changed since then. Now, some 53 years later, this service can and should be provided by private enterprise; perhaps, in part, provided by the South Australian company Envestra Limited, which already owns over 8 800 kilometres of natural gas distribution systems in South Australia, Queensland and the Northern Territory and which has assets valued at about \$900 million and 4 300 South Australian shareholders. I am sure that Tom Playford of all people would be delighted that the Government business could be sold to a South Australian company and provide funds for what Governments are there to provide; that is, services to the people of the State such as education, health, housing, roads, sport and the arts.

However, I am quite sure that he would not have been at all pleased that one of the motivators for the decision to sell was the financial disaster caused by the Labor Government. This does not mean that there is no place for Government in ensuring that all people of the State benefit from lower prices and better services. The Governments are there also to look after the interests of all, including the poor and those who do not live within the city environs. A regulatory system and an independent regulator will be in place to ensure that this happens. The Opposition would better spend its time ensuring that these protections are properly in place than trying to hold back progress.

My electorate is one of the geographically larger electorates in South Australia. The electorate of Flinders covers the majority of Eyre Peninsula and stretches to the boundaries of Ceduna's council in the far west. The problems of reliable, cheap power in my electorate have always been one of my major concerns. However, I believe that the people of Eyre Peninsula's interests are best served by selling ETSA and regulating the pricing provision of power to look after them.

Another South Australian company that has taken on the challenge of competing in the electricity market is Eyre Peninsula's Cowell Electric. As I have stated in the House previously, when Cowell Electric was essentially made obsolete by the town of Cowell becoming connected to the Electricity Trust of South Australia grid it embraced the change as a new challenge. It diversified into the survey, design and construction of the powerlines for the rural electrification of Eyre Peninsula, the Flinders Ranges and the Peterborough districts. Today, it has expanded into the Northern Territory and Western Australia and is continuing to diversify into other areas of expertise such as industrial radiator manufacture and is exporting its products to Asia. It is yet another South Australian company that will benefit from the niche markets that are becoming available upon the privatisation of ETSA. It already provides meter reading under contract to ETSA.

We cannot forget the crippling legacy of the previous Labor Government. The debt from the State Bank disaster, which nearly bankrupted us as a State, has continued to be reduced through careful and conscientious planning by the Liberal Government. However, the potential sale of the Electricity Trust of South Australia will more quickly improve our financial position with far less pain and will provide jobs and a prosperous future for the people of the State. We should not be paying \$2 million a day in interest on this debt: we should be funding essential services. If we do not quickly implement a fully competitive model for our electricity assets, South Australia risks losing \$1 billion of Federal funding under the national competition payment scheme, along with possibly devaluing the Optima- ETSA asset by up to 50 per cent. This would be several billion dollars. The latter problem is well understood by the current New South Wales Labor Government.

In addition, it is my belief that Government employees should not be involved in what will be, in effect, playing the futures market in power and risking public money. The young man who bankrupted the Barings Bank by playing the futures market could be one of our public servants buying kilowatt hours at prices that will vary possibly within 24 hours between a few cents and a few thousand dollars. During a heatwave in Melbourne last year, this was from between \$12 and \$15 up to around \$4 000 per kilowatt hour over a period of only three hours. As a State we cannot afford any further losses of any kind, let alone any amounting to billions of dollars.

If we do not sell ETSA, we will have to upgrade our infrastructure and find better sources of power. However, thanks to the debt left by Labor, this State does not have the money to upgrade our facilities to meet the new competition. ETSA facilities, like most other parts of the State's infrastructure, were neglected by the previous Labor administration. There must be some infrastructure that was not neglected, but I cannot think of any in the electorate of Flinders. Roads, schools and hospitals were all left in the same state as the State's coffers: a mess, which we are beginning to clean up. In addition, our coal is of poor quality and lies a distance from our generators and users. The pollution levels created are much higher than are becoming acceptable to many people.

If we want to compete on the electricity market we should be looking at alternative sources of power. One option that I have been investigating on Eyre Peninsula is the

establishment of wind farm technology. This is in its infancy at the moment but, with the right backing and proper management, could result in more jobs and more investment in South Australia. There are private companies in the State that would be delighted to supply the hubs, blades and generators, but we as a Government could not afford to buy them. However, a publicly owned company could.

Another option that we could pursue is that which will produce the most power with a readily available source of fuel. We have one of the largest deposits of uranium in the world at Roxby Downs, yet we use none of it in South Australia. If we were seriously looking at a power industry that could be owned by South Australians for South Australians, then perhaps the move towards the use of uranium derived power is one way we could go. Western Mining, as a major user of the State's power and a producer of uranium, may help the Government fund such a power plant. According to Simon Evans in the Financial Review of 31 March this year, 'the savings to industry under the new competition scheme are great. The 26 biggest electricity users in South Australia are able to take their power from a supplier of their choice in the first round of contestability, with Western Mining's Olympic Dam project regarded as the plum contract, as it represents about 10 per cent of the entire South Australian electricity market'.

Why would they or should they buy more expensive power from a South Australian Government power provider? If they did, it would be a disaster for both business and employment in this State. The Liberal Party has endured harsh criticism of its plans to get the State back on the right financial track. We have striven to achieve what is best for the State and, in doing so, have had to make some tough and sometimes unpopular decisions. The decision to sell ETSA is one of them, but I believe it must be done.