

WESTERN POWER — PROPOSED SALE

Motion

HON AMBER-JADE SANDERSON (East Metropolitan) [10.12 am] — without notice: I move —

That this house notes the negative impacts of selling Western Power, in particular —

- (a) higher electricity prices;
- (b) fewer jobs; and
- (c) increased risk of bushfire.

It is a pleasure to move this motion this morning, disappointing though the circumstances may be. I hope that both sides of the chamber will engage in this important debate this morning about the sale of a utility that every single Western Australian has a stake in. We find ourselves in this position because the government finds itself in a very, very difficult economic position. This year we will see a budget deficit of around \$3 billion whilst we have had eight years of record revenue. Debt is expected to peak at around \$40 billion under this government. We are just about to deal with a bill to provide the government with another \$1.7 billion to pay the bills. It is not a bill to borrow for capital spending or large projects; it is a bill for recurrent expenditure to pay nurses, police officers, teachers and the public sector—the people who provide services for everyone.

We have not really seen any unprecedented revenue shock over the last few years. There is no doubt that the price of iron ore has dropped significantly; no-one would argue about that. But there is no GST shock. The formula for GST was well known when the Liberal government signed up to it in the 1990s, including the equalisation process—it agreed to that process. It is that process that is really killing GST revenue for Western Australia. Back in 2007, the ratings agencies were warning the state government that the economy required diversification and that we were too reliant on the resources sector and the high price of iron ore for royalties. They urged the government to look at alternative sources of revenue and income so that the economy would stabilise and not be so dependent. Essentially, over the last eight years, this government has not put any contingencies in place to deal with the drop in revenue. We now have a situation in which spending has outstripped revenue—that very basic economic principle that all governments and households should avoid. It is what we teach our children. We should never spend more than we have coming in. To save itself from this situation, the government is planning a fire sale of assets owned by Western Australians. It is selling off assets that every taxpayer in this state owns, including the successful Utah Point bulk handling facility at the Pilbara port, the Fremantle port, the Perth Market Authority and parts of the Keystart loan book, and it is also looking at selling the TAB. Possibly the most significant of all the asset sales is the sale of Western Power and Horizon Power's poles and wires in the Pilbara. Every single Western Australian has a stake in Western Power. Every single Western Australian requires power to their homes, businesses, schools and communities. It matters to everyone.

We now see the Leader of the National Party supporting the sale of Western Power. It is an extraordinary set of circumstances. Clearly, the National Party is trying to save its bacon. The Liberal–National government knows that it is in trouble. It has not outlined an economic plan to take us forward and to take us out of this difficult position. It has not outlined any economic plan that the public has any faith in but it still keeps spending, and that is why the Nationals support the sale of Western Power—so it can continue to spend. It says that it will support the sale only if the money goes into infrastructure, which is entirely contrary to the Treasurer's statement that the money will pay down debt. That just demonstrates the total chaos and dysfunction at the core of government, within cabinet. Selling Western Power is a short-sighted strategy. WA Labor does not support the privatisation of Western Power or any part of that monopoly asset. Selling Western Power is the answer to the wrong question. It is the solution to a different problem, a problem of the government's making—that is, a debt that will peak at \$40 billion will be left for generations of Western Australians to come. This government's debt and deficit is largely built on recurrent expenditure; it is not built on large infrastructure projects. That is not the major cause of this debt. The debt is recurrent expenditure. Why would we sell an asset that brings significant funds into the government to deal with a debt that is recurrent expenditure? The problem that this government has is that the numbers for selling Western Power do not add up. They do not add up to a sensible position, like Utah Point, which is a profit-making asset for the government. It is a monopoly asset providing an essential service and it just does not make sense to privatise it. Western Power's annual report for this year shows a dividend to government of over \$400 million. That is \$400 million that the government will take from the budget if it sells it. Tax equivalent payments of \$150 million and savings and efficiencies that have been identified could save Western Power up to \$400 million. I will talk about those later.

Why would we sell an asset with earning potential of around \$950 million a year when we have a recurrent spending problem?

Hon Samantha Rowe: It doesn't make sense.

Hon Amber-Jade Sanderson; Hon Peter Collier; Hon Darren West; Hon Martin Aldridge; President; Hon Michael Mischin; Hon Alanna Clohesy; Hon Col Holt; Hon Samantha Rowe

Hon AMBER-JADE SANDERSON: It does not make sense.

Orion Consulting Network released a report entitled “Western Power Privatisation: Budget Impact Analysis” in May 2016. It estimates that the proceeds from the privatisation would likely be around \$11 billion. The government is pitching for \$15 billion but, realistically, it is more likely to get around \$11 billion. The report states —

Estimated net proceeds (after debt repayment) range from \$3.48bn to \$7.86bn. These proceeds will most likely be used by the State Government to retire other government debt or to fund new infrastructure projects. Considering that the total cash flow benefit to the WA State Government during the 2015 financial year from its ownership of Western Power was \$514.7m, using the net proceeds to retire more State Government debt would result in an annual net cash flow loss to the State Government of somewhere between \$362.6m and \$171.2m, compared to retaining ownership of Western Power.

Selling Western Power would result in a loss. If it were sold for \$15 million, the net cash flow loss would be around \$171 million. If it were sold under the other scenario of \$11 million, the net cash flow loss would be \$363 million, which demonstrates that it is simply a short-term shot in the arm of a government that is flailing around desperately looking for solutions to problems of its own making.

It will also result in reducing the number of jobs. Western Power is a significant employer in Western Australia. In an environment in which a lot of jobs are being lost and people are finding it harder to get work, Western Power is shedding jobs. It employs 3 500 people. It has embarked on a series of strategies to reduce the workforce significantly, which includes redundancies and the policy of not replacing people who leave through attrition. By the end of this year, the workforce will have reduced by 19 to 20 per cent, or 650 people. Western Power has all but stopped training apprentices. The last apprentice electrician to be trained was taken on about two years ago and only a small number of linespersons are coming through the training program. Reducing the workforce reduces Western Power’s capacity to perform preventive and emergency maintenance, which is critical not only to households, but also in preventing bushfires. A privatised entity will always put profits first, and maintenance and jobs will be at the top of the list of things to be slashed. This will ultimately result in a reduction in services for people.

Western Power is also engaging in a case for change to reduce the range of services that it provides to customers because of what it calls the high level of overtime and over-allocation of on-call and availability rosters associated with unplanned work. Unplanned work is emergency work that is done when there is a serious outage and Western Power needs to come out and fix it. Currently, work for single-fault customers is ceased at nine o’clock at night in the metropolitan area and eight o’clock in the country area. If there is an outage before nine o’clock, someone from Western Power will come out; nine o’clock is not too bad. Western Power is looking at bringing that time forward to six o’clock in the evening, for example; therefore, if there is a blackout at six o’clock no-one will come out until the next day. That is a significant reduction in service.

Crew sizes are being reduced from three to two. Western Power is reducing the number of on-call staff, which means that fewer people will be available to respond to emergencies. Overall on-call availability for emergencies will be reduced by 40 per cent; that is huge. That will impact people’s ability to manage their power. This will potentially have an overall wage impact of up to 17 per cent for those staff who rely on on-call allowances for their income. That is a significant drop. Western Power’s plan is to rely on more planned work and “chance availability” to cover faults; that is, Western Power hopes that it can cover them at the time.

An important aspect to this proposal is the impact that it will have on safety and maintenance and bushfires. People in regional areas know that poles and wires pose an inherent risk to communities living in bushfire-prone areas. Western Power’s overall network comprises 700 000 poles and wires. That is a huge number. Privatisation of transmission and distribution of poles and wires in privatised entities has led to chronic underinvestment, low staffing and unsafe and unreliable networks.

I refer to the royal commission into the Victorian bushfires, known as Black Saturday, when 119 people died. It is important to note that the energy electricity network was privatised in the 1990s by the Kennett government. The royal commission found that five of the 11 major fires that began that day were caused by failed electricity assets. Among the fires was the one at Kilmore East, where 119 people died as a result. I quote from the Use Your Power website from an organisation campaigning against the sale of Western Power, which states —

The Royal Commission into the causes of, and response to, the fire, revealed that faulty power lines were responsible for causing five of the most devastating blazes.

The Kennett Liberal-National Government had privatised Victoria’s electricity transmission and distribution network in the 1990s ...

The Commission went on to recommend that single line power lines should be replaced with less fire prone alternatives. This was a recommendation that the owners of the faulty power lines objected to, warning that upgrading the infrastructure would increase the cost of household electricity by up to 20 per cent ...

This tragic case study highlights the very real dangers of electricity privatisation to the community. It has special relevance to communities in Perth's hills and the south west of Western Australia, which have experienced their own bushfire tragedies in recent times.

Once electricity networks are placed in the hands of private companies, the only thing that guides decision-making around maintenance and investment is profit.

In a drying climate in Western Australia, we had our very own significant fire. A fire raging in the Kimberley has burnt through a million hectares of land. In 2014 we saw the Stoneville–Parkerville fires, where 314 properties were destroyed and damaged, caused by a faulty pole. Residents have taken a class action against Western Power, which privatised the maintenance of those poles to a contractor. The class action claims that Western Power is still ultimately responsible for that contractor. In a drying climate that is more prone to fires, why would we do anything that would contribute to that and further endanger our communities and increase the risk of bushfires? Why would we do that?

We have seen eight consecutive electricity price rises under Colin Barnett. Since 2008, the cost of power is now 85 per cent higher than it was in 2008.

Several members interjected.

The PRESIDENT: Order, members! Let us have one at a time.

Hon AMBER-JADE SANDERSON: We have seen eight years of consecutive electricity price rises under Colin Barnett and the Liberal–National government; the cost is 80 per cent higher than it was in 2008. This is a blatant attempt to make Western Power seem more profitable and attractive to potential purchasers. The community has real concerns. I am looking forward to the contribution from the Nationals on this. There are concerns that the cost subsidies will be removed, which will particularly impact regional people who have poorer maintenance on their power poles and will probably pay more. Currently, Western Power profits fund the tariff equalisation fund, which subsidises the cost of providing power to the regions. Providing power to the regions is more expensive than providing it to the metropolitan area, so it is subsidised so that people in the regions do not have to pay significantly more. There is a subsidy. The last subsidy in 2013–14 was \$136 million. I cannot see any private operator continuing to support this subsidy.

Several members interjected.

The PRESIDENT: Order!

Hon AMBER-JADE SANDERSON: We know that prices rise when we privatise power. Even Rod Sims, the chairman of the Australian Competition and Consumer Commission, recognises that prices rise when we privatise power utilities. He has stated that he has been a great supporter of privatisation in the past, but his thinking is changing around ports and utilities privatisation. He said in July this year —

“When you meet people in the street and they say ‘I don’t want privatisation because it boosts prices’ and you dismiss them—no, no, they are right. Recent examples suggest they’re right.”

That is Rod Sims, chairman of the Australian Competition and Consumer Commission, who has significant evidence at his —

Several members interjected.

The PRESIDENT: Order! This is a time-limited debate, as we know. I am sensing that other members in the chamber are keen to make a contribution and they will want the same courtesies extended to them that I now ask them to extend to the member on her feet.

Hon AMBER-JADE SANDERSON: Members on the other side are agitated because they know that the community hates it. They know that this is a killer issue for them. The community hates it, because our elderly will pay more, businesses will pay more, families will pay more and everyone in our community will pay more. The impact will be on everyone and we know that Liberal voters hate it. I talk to people who say, “I normally vote Liberal, but I cannot stand the fact that the government is thinking of privatising Western Power. I’m not voting Liberal this time if they privatise Western Power.”

Several members interjected.

Hon Amber-Jade Sanderson; Hon Peter Collier; Hon Darren West; Hon Martin Aldridge; President; Hon Michael Mischin; Hon Alanna Clohesy; Hon Col Holt; Hon Samantha Rowe

Hon AMBER-JADE SANDERSON: I know that from talking to people in my community, whether they are Liberal, Labor, Green or whatever voters. According to PerthNow —

ALMOST half of Liberal voters in WA Treasurer Mike Nahan’s safe seat of Riverton are opposed to the proposed privatisation of utility Western Power, according to ReachTel ...

The sale is the centrepiece of the Barnett government’s asset sales plan as it strives to fix its ailing finances, and was initially expected to fetch \$15 billion but expectations were revised downwards to \$12 billion at the state budget ...

About 1000 people in the southern suburbs seat were canvassed last month, with 49.35 per cent of respondents who said they would vote Liberal at the March state election saying they were against privatising the electricity poles and wires operator.

People understand how important this asset is. The community hates that this government is going to privatise it. Members will hear that, and I have no doubt that members are hearing it now when they are out in their communities: “Don’t you dare privatise our asset.”

Hon Helen Morton: It never comes up!

Hon AMBER-JADE SANDERSON: The member must not be talking to people then.

Several members interjected.

The PRESIDENT: Order!

Hon AMBER-JADE SANDERSON: Members, this particular topic has been beset by uncertainty while the Premier has continued to flip-flop around it. The Treasurer is hell-bent on it, but the Premier less so.

As far back as 2008, Colin Barnett said a Liberal government would sell assets belonging to many state-owned assets but would stop short of privatising agencies that deliver essential services. Again in 2013 the Premier stated —

The reason that you would retain the energy utilities in government hands is the energy utilities are the major engines of economic growth in this state and only through ownership of utilities can you guarantee supply and reliability of supply ...

Again in 2013 the Premier said —

We will not be selling a Western Power or Water Corporation or Fremantle Port—we won’t be doing that.

Again in 2013 he said —

Claims that I will privatise Western Power and the Water Corporation are absolutely false and anyone who puts themselves forward to be the premier of WA must tell the truth ...

We know the Premier is loose with the truth. He has broken his promise not to sell Western Power. The government broke its promise on Metro Area Express light rail. It has walked away from a range of key promises. We know this is unpopular and the government knows this is unpopular. It will see how unpopular it is in March next year. It is against the interests of the economy and the community. Members will see that on 15 November outside Parliament when hundreds of people will attend a community rally against the privatisation of this important public asset.

HON PETER COLLIER (North Metropolitan — Leader of the House) [10.33 am]: It gives me a great deal of pleasure to speak to this motion. When I received this motion yesterday I was very excited because the very first word I saw was “western” and I thought that we might be debating a motion on western suburbs schooling. Members will remember that I challenged Hon Sue Ellery to put a motion on western suburbs schooling on Thursday’s notice paper. I desperately wanted to have a great debate about western suburbs schooling. However, I read further on and was a little disappointed to see that the motion was not about western suburbs schooling but about the negative impacts of the sale of Western Power. I have no problem debating this motion at all.

I really like being in the Liberal–National government as we come to the end of our second term and are about to move to the precipice of our third term, because we can reflect on them versus us and do a comparison. There is nothing better than doing a bit of comparison when looking at policies and the track record of the previous Labor government, particularly on energy. Let us reflect on energy in 2008, when Western Australia ran out of electricity because the Labor government had completely mismanaged the energy portfolio. I repeat: we literally ran out of electricity. Imagine that happening in the twenty-first century in a country like Australia.

Several members interjected.

The PRESIDENT: Order! Let us stick to the rules.

Hon PETER COLLIER: I was very polite when the member opposite was speaking. I would really appreciate that respect being returned.

Perth ran out of electricity. The entire south west interconnected grid ran out of electricity because the Labor government could not handle the energy portfolio properly. In addition, as a result of the Varanus Island explosion, WA ran out of gas. Around 65 per cent of Western Australia's energy is reliant on gas. One does not need a PhD to work out that that is a bit of a problem. When a state runs out of gas, what does it do? What did the Premier at the time do and say to Western Australians? He told Western Australians to turn off gas stoves and all gas utensils because we do not have any gas. He told industry that it would have to monitor production times and cut back on production. What a disgraceful exhibition for a government to run out of electricity and gas!

In addition, we are talking about costs and charges. What does the motion refer to? It refers to the impacts on electricity prices. Give me a break! It is beyond me how on earth members opposite can ever open their mouths to talk about electricity prices. During the entire time the previous Labor government was in power, not once did electricity prices go up. Is that not magnificent? Is that not absolutely wonderful? It was absolutely wonderful for Western Australia. That assumed we were not putting any money into the network, into one of the most isolated grids on earth, with over three-quarters of a million above-ground poles spread throughout the length and breadth of the south west interconnected grid. We must not have spent any money on it because there were no price rises. It was not costing us anything. Generation was not a problem because we did not have any. We ran out of generation. Gas was not a problem because we had nowhere to get it from. Once the gas pipeline went in, there was no gas. What did we do? We did not need any money. We must not have, because, as I said, the simple fact of the matter is that prices did not increase. Prices did not increase at that time not because the costs of the network and the cost of generation did not increase, but because the former Labor government did not worry about generation. Prices did not increase because it relied on political expediency. Alan Carpenter went into the 2008 election with the intention not to increase prices until April the following year. When was the election due? It was due in March that year. There were to be no cost increases. Let us safely assume that there were no costs imposed, that the network did not need any more investment, we did not need any more generation and we did not need anything to provide gas storage, but who was going to pay for it? It did not matter because the government intended to keep on paying for it through a subsidy. The former Labor government spent hundreds upon hundreds upon hundreds of millions of dollars day in, day out subsidising electricity prices in Western Australia. That is exactly what happened. That is not political rhetoric; it is fact. That is exactly what happened. Hundreds of millions of dollars were spent on subsidising electricity so that they could —

Several members interjected.

Hon PETER COLLIER: I know members opposite do not like hearing the truth, but they are going to have to.

Hon Kate Doust interjected.

The PRESIDENT: Order! You do not have to have the last say, you know.

Hon PETER COLLIER: That is exactly what happened. It provided a subsidy and that was fine because the government had plenty of money; remember. We had no teachers. Our teachers were the lowest paid in the nation, but did that really matter? We had all this money and we were subsidising electricity.

Hon Sue Ellery: What was the debt? What was the deficit?

Hon PETER COLLIER: That is exactly my point! It is all good and well to talk about that. Come in spinner! This is a pearler.

Several members interjected.

The PRESIDENT: Order! A rational debate allows each member to put their views on the motion before the house and to do it according to the rules of the house. They have to have that opportunity. You cannot drown people out.

Hon PETER COLLIER: Thank you, Mr President. That was a great interjection, I have to admit, but it was a debt, of course. I go back to my point: it does not matter that we had no debt; we had artificially low electricity prices and we did not have any teachers. Our teachers were the lowest paid in the nation; the whole education system was a mess. We did not worry about health or mental health, but we had no debt and we had really low electricity prices. Wow! That was a great track record.

Having said that, let us look at Western Power. As I said, it operates one of the largest above-ground isolated networks on this earth. Of course it costs an enormous amount to maintain that network but to safely assume it is an enterprise flush with funds, pouring money into the coffers, is ridiculous. It has a current debt level of around

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\$5 billion and, of course, that goes on government debt. That is something the honourable member forgot to mention. The most significant and adverse impact of Western Power on the state's financial position is via its contribution to the state's net debt. This is driven by Western Power's asset investment program, which has averaged \$864 million each year from 2006–07 to 2014–15. As at 30 June 2015—this is something the honourable member did not mention—Western Power contributed around \$8 billion, or about one-third of the state's net debt, so a decision to sell the assets will be made only following confirmation that the divestment is in the best interests of taxpayers and electricity consumers. Of course it will.

Let us again get some logic behind this argument. The notion that Western Power is responsible for price increases in electricity shows a complete lack of understanding of the energy system. Western Power does not contribute all the cost stack for electricity, and that needs to be remembered. Let us look at that cost stack. For retail costs for the entire cost stack of energy, four per cent comes from retail costs, which are the administrative costs of billing customers, reading meters and responding to customer inquiries. Four per cent on top of that is for renewable energy target costs, which are the costs of the commonwealth government environmental programs, such as the renewable energy target. That is all over the place at the moment, so it is fluctuating, regardless of who is in power over there. Generation costs amount to around 28 per cent, which are the cost of capacity payments made to power stations to be available during peak electricity demand. An argument for another day is about the capacity credits we were left with due to the disaggregation process. They were totally flawed. As a result of that failed disaggregation process, which members opposite were responsible for, we were spending hundreds and hundreds of millions of dollars in capacity credits in the private sector for electricity that was never used. What a flawed system. Members opposite are worried about electricity costs going up, but do not worry about Western Power; that failed disaggregation process was totally responsible for it.

Several members interjected.

Hon PETER COLLIER: If members opposite do not know that, they do not understand the energy sector. Nineteen per cent of the cost stack is responsible for energy generation costs, which are the costs of generating electricity, including the costs of building, maintaining and fuelling a power station. Then of course there are the network costs, which are around 45 per cent. They are the cost of building and maintaining —

Several members interjected.

The PRESIDENT: Order, members! There are too many interjections now. Every now and again, if it is timed right and it is related to the issue being discussed, an interjection can be effective and add to the debate, but when there is a chorus of interjections, it does not add to the debate; it just detracts from it.

Hon PETER COLLIER: Thank you, Mr President. I totally agree with that.

As I said, network costs are 45 per cent and that is the cost of building and maintaining powerlines to transport electricity between power stations and where it is used by customers such as householders. I am not sure whether the member opposite assumes that the network costs—the cost of poles and wires for which Western Power is responsible—somehow transform the entire bill that consumers pay. That is the assumption I got from the member's contribution. There was no mention of the other cost stack, and that, again, shows a complete lack of understanding.

Several members interjected.

The PRESIDENT: Order! Several members around the chamber are interjecting far too much. I think they know it.

Hon PETER COLLIER: Thanks, Mr President.

Let us look at these network costs. They are interesting because the Australian Services Union and the Electrical Trades Union are currently promoting a scare campaign misinforming consumers that privatisation will mean higher electricity prices. Let us break this down, which I started doing to the cost stack. It needs to be remembered that distribution and transmission businesses across Australia are regulated largely by the Australian Energy Regulator, which regulates pretty much everything on the east coast. We saw how successful that was recently for the South Australian component! The AER argues efficiency comparisons to ensure network businesses are recovering only the efficient cost of providing a safe and reliable electricity supply. I point out to the honourable member, because this is important, that the AER does not consider the shareholder when making determinations; it is completely irrelevant. The AER makes that determination, which the honourable member forgot to mention. The AER, in benchmarking the performance of poles and wires businesses within the national electricity market, noted in its "State of the Energy Market 2013" report that it considered that privately owned distribution companies are operating most efficiently. This is echoed by the Essential Services Commission of Victoria's electricity distribution business performance report as well as the South Australian Essential Services Commission's annual performance report. That is a really compelling point that we need to understand. As shown here, whether an electricity system is government or non-government has

nothing to do with its efficiency. The AER makes that determination, but the member forgot to mention that. We have to look at the entire cost stack to gauge electricity prices.

In addition, Ernst and Young outlined that privately owned network service providers have seen lower increases in network tariffs compared to prices in government-owned businesses over the same period, so we need to consider two compelling points that were completely ignored by the member opposite. Let us look at the government-owned versus privately owned providers over recent years. For government-owned providers in New South Wales between 1996 and 2013, the increase in the electricity bill was \$1 108. In Queensland, also government-owned providers, the increase was \$932. In the states with privately owned providers, the increases were \$743 and \$660, lower than in states with government-owned providers. That is what needs to be remembered. Let us look at the network increases—the poles and wires—which are even more compelling. In the states with government-owned networks, New South Wales and Queensland, the increases were \$726 and \$617 respectively. In the states of Victoria and South Australia, which have privately owned networks, the increases were \$227 and \$135 respectively. We can see that in anyone’s language, the network increases were lower in those that were privately owned than those that were government owned. We have to have some perspective because perspective is a wonderful thing in politics. It is all well and good to throw out scare campaigns but if members do not provide logic and the facts, they will come down in an almighty heap. As far as electricity prices are concerned, let us move on because I have less time. I wish I had another 20 minutes, but I think Hon Michael Mischin will talk about the bushfire component of the motion.

I will finish very quickly with comments from a wonderful luminary in the energy sector, someone I had a great deal to do with when I was Minister for Energy; namely Hon Martin Ferguson—a wonderful Labor luminary. In March 2015, he argued that the New South Wales trade unions and Labor Party were deliberately misleading the public by telling them that the proposed privatisation of the electricity networks would drive up prices. Martin Ferguson was ashamed of his party for the misinformation it was presenting to the public in an attempt to scare them and gain votes. He said —

“It’s just deliberately misleading the public, creating unnecessary fear and trying to scare people into voting for Labor not on merit but on misinformation,”

What a great quote from a wonderful Labor luminary, I have to say. Having said that, Mr President, I have a lot more to say in my contribution. The notion that the privatisation of Western Power will see massive increases in price and the destruction of the energy system in Western Australia is completely without foundation.

HON DARREN WEST (Agricultural) [10.50 am]: I apologise for my delay in rising. I was quite sure that members of the National Party over there would make a contribution.

Several members interjected.

Hon DARREN WEST: They have an awful lot to say when someone else is making a contribution, but they are yet to say anything constructive!

Several members interjected.

The PRESIDENT: Order, members!

Hon Col Holt interjected.

The PRESIDENT: Order! Let Hon Darren West make his contribution.

Hon DARREN WEST: Thank you, Mr President. I just thought that something would be coming from up the National Party end, but apparently not, so I will make my contribution.

The Leader of the House has just shown us why he is the former Minister for Energy; that portfolio was not his finest hour. That little contribution he made then was also not his finest hour because we still do not really know what the government’s position is on this important issue. The Treasurer has one position, the Premier has a slightly different position and the National Party has yet another position. I have no doubt that it will fall in behind the government and support the sale of Western Power, but we do not know what form that will take. This potential sale of Western Power is purely a result of poor economic management. I do not think that anyone in Western Australia could argue that that is not the case. A distressed seller and a poor economic manager will be a bit of a sucker for the business community to lead up the garden path. I am quite sure that that is what will happen.

I want to talk about this sale from a regional perspective. Of course, the Western Power network is most important to us in the regions; it is vital to us. I find it bizarre that the National Party supports the sale of Western Power. National Party members come into this house and tell us about how they stand up for regional Western Australia but often, when we need them, they are not there.

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Hon Martin Aldridge interjected.

Hon DARREN WEST: Eventually, it will fall over the line on everything that the government proposes. The National Party will fall over the line on this. I think that is quite bizarre. We have in the regions, for those of us who live in the regions, unlike most National Party members —

Point of Order

Hon MARTIN ALDRIDGE: On a number of occasions, Hon Darren West has sought to mislead the house about where members of the National Party live. Again, he has made this imputation against members of the National Party that we do not live in our electorates, which is false. I ask that he withdraw it and apologise.

The PRESIDENT: It is not unparliamentary. If you think that it requires some clarification, then it is up to you to make that clarification at some other point. I do not think it is unparliamentary.

Debate Resumed

Hon DARREN WEST: Thank you, Mr President. I did not mean to offend the member, but I will move on.

An opposition member interjected.

Hon DARREN WEST: Yes, that is right. It is a distressed seller.

Western Power does not actually belong to members opposite; it is not theirs. It belongs to everyone in the state. That is the other point that I want to make. Western Power belongs to everybody and everybody in Western Australia will have an opinion on the fire sale of Western Power—it is an unfortunate term; I probably should not use it—in early March next year. From a regional perspective, those of us in the regions have lived through the privatisation of Telstra. I can tell members that where we had phone service when the mobile networks were first set up and there was a community service obligation to do so, we no longer have phone service any more.

Hon Martin Aldridge interjected.

Hon DARREN WEST: In fact, when I drive up and down the Great Eastern Highway to my electorate, not so long ago I could get phone service all the way from Northam to Perth. I cannot get that phone service anymore because there is no longer a community service obligation under Telstra to provide services to people in regional areas and nor will there be under a privatised Western Power—regulations or not. Surely members of the National Party would have been to the regions and they hold the key to this. They say that they stand up to the government and that they are different from the Liberal Party but they are not. They hold the key to this. In the interests of regional Western Australia, the National Party should oppose this sale.

We have also seen the privatisation of our grain rail freight network. How well has that treated us? Not particularly well at all. Thanks to the good work of our friends the National Party, parts of the state do not have a grain rail freight network anymore. To think that the regions will do okay out of this privatisation is just crazy talk. It is not just the people in the city and in the Treasurer's electorate of Riverton where surveys found that over half the Liberal Party voters in his seat do not support the sale of Western Power; it is also in the regions that people do not support the sale of Western Power. We know many of the guys personally who work on the Western Power crews. We know when they come out to our place to put fuses in poles. We do not want them to all lose their jobs and work for some contract mob; we want them to work for Western Power because we know them, we have relationships with them, and they do a really good job and look after us. That is why we want to keep Western Power as a taxpayer-owned state-run utility that delivers a profit to Treasury and provides employment in regional Western Australia. Most of all, it provides an essential service in regional Western Australia. If we want people to bring their businesses and invest in regional Western Australia, we need a good power service. We will not get that under a privatised model because we have lived through the sale of Telstra and we have seen the government's efforts at privatising the grain rail freight network. If they are not two really good red flags for this sale, I do not know what is. The government ignores them at its peril.

When this government came into office, Western Australia's debt was \$3.6 billion and it is now rising towards \$40 billion, and the AAA credit rating is long gone. The government is in financial trouble. Everybody knows that. The government blames the GST and everybody else but it is in financial trouble. If a government spends more than it earns, it will run a deficit. This government has an obsession with spending. All the material being put out into electorates is about how much it is spending; none of it is economically responsible or refers to how the government can find ways to reduce its spending on vanity projects and monuments to itself. None of the material is about that. It is all about what the government can flog off first, even if they are profit-making assets, to try to cover up some of its mess.

I quote from an article in the *Hills Gazette* on 7 October 2016 titled “Western Power privatisation unpopular”. It states —

A RECENT community survey of more than 1400 people in the Swan Hills electorate showed more than 81 per cent of residents are against the privatisation of Western Power.

That is quite overwhelming!

The survey asked people about State Government plans to sell off the utility service, with only 18.8 per cent of residents supporting privatisation.

WA Labor conducted the survey on September 15 and 16. Almost half the responders said privatisation would bring an increase in fire risk and prices.

Swan Hills Labor candidate Jessica Shaw, who lives in Mt Helena —

I hope that all members get to meet her one day, as an MP, because she certainly knows her way around the energy sector.

Several members interjected.

Hon DARREN WEST: Members will get to meet her next year! She is an outstanding candidate who has more knowledge of the energy sector than all the Liberal–National coalition members of Parliament put together.

Several members interjected.

Hon DARREN WEST: She says —

... “I am out talking to the local community about this issue and the one thing I always hear is ‘Don’t privatise Western Power’.”

We can also talk about the risk of bushfire. Of course, with anything that is outsourced or privatised, the first thing that happens is that services and anything that is a little bit expensive are cut and prices are raised. That is the standard pattern. Over the course of history, governments have privatised assets; some have been disastrous and for others, the world has gone on somewhat near to what it was before. In this case, I will tell members that this will be an out and out disaster for regional Western Australia in terms of poorer performance, poorer service delivery, loss of jobs and higher prices, and also an increased risk of fire. When maintenance and staff are cut, there will be an increased risk of fire. To me, that is one of the biggest concerns about this crazy proposal. I am running out of time, members, but I want to make a couple more little points. Simon Withers wrote an article in the *Business News* on 1 August 2016 titled “Walking a fine line on Western Power”, which states —

Colin Barnett is concerned that the Labor Party will run a Medicare-type of campaign against the sale of Western Power at the next election; he would do better to worry about the size of the debt.

We have been criticised for running these so-called scare campaigns before and in the federal election. The reason that people accept them is that they do not believe the government. They do not believe that the government will not cut back Medicare, and they do not believe that it will not sell Western Power. People do not believe that they will be better off under members opposite. They think that the state cannot afford members opposite anymore and that is true. That is why negative campaigns will work; people do not believe the message that the government is trying to put out. The government is unbelievable. The Premier continually says one thing and does completely another. The article continues —

State government debt is approaching \$40 billion and there are three significant criticisms that can be levelled at the government regarding way it has managed its finances.

The first is that this enormous level of debt appeared to creep up on the government without anyone in the government noticing.

That is true.

In the early years of the Barnett government, debt was forecast to grow to around \$20 billion and then stay there. At that time, it seemed like a lot of debt but it was generally accepted because it was part of a plan to fund major infrastructure projects.

Then, in the 2013–14 budget, debt was forecast to rise to \$28 billion. Two years later the figure was increased to \$36 billion and in the most recent budget the forward estimate rose to \$40 billion. That is not a plan. That is poor financial management.

The state cannot afford a Liberal government anymore. The state needs a Labor government that has a proven record of being a good financial manager of Western Australia. We should not be selling Western Power because

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it will not be good for taxpayers, the state or our economy. Like everything else this government has done, it will be an out-and-out disaster. Do not sell it.

HON MICHAEL MISCHIN (North Metropolitan — Attorney General) [11.00 am]: I listened with interest to the usual mantras delivered by Hon Amber-Jade Sanderson and now Hon Darren West. I was particularly intrigued by Hon Amber-Jade Sanderson's surveys of who will vote for whom in the next election. I have a number of friends who are very much Labor supporters. They tell me that they could not possibly vote for Labor because of its frontbench. "Sneakers McGowan", they say. They also ask me, "How can we have the possibility of John Quigley as the first law officer?" They will not vote for Labor because they have seen the performance of the people on the other side of the chamber. They are astonished! The opposition has the idea that bringing back Alannah MacTiernan is the way that it can sell itself! It is looking back eight years—back to the future!

Several members interjected.

The PRESIDENT: Orders, members! Talking about "back", I want to get back to the motion.

Hon MICHAEL MISCHIN: The idea of a Labor government being put in charge of energy is frightening. We are talking about Western Power, the distributor of the electricity; not Synergy, the retailer. Let us look at the record of a public utility under a Labor government. In 2005 and 2006 EnergySafety conducted a safety audit of Western Power Corporation including its electricity transmission and distribution systems and its wood pole management. I recall that Hon Fran Logan was Minister for Energy at the time. Of course, we had that great set of books—money was being squirrelled away for election campaigns! I will tell members what the money was spent on—it was not maintenance. In 2006, Western Power Corporation was disbanded and a new entity, Electricity Networks Corporation, trading as Western Power, was created under a Labor government. The new Western Power was requested to address the shortcomings uncovered in the 2006 audit. However, as a public utility under a Labor government Western Power had taken no effective steps to address those shortcomings—never mind about the profit motive—so EnergySafety conducted an audit review in 2008 focussing only on the more pressing issues associated with wood poles in the distribution system—the thing that seems to be bending Hon Darren West out of shape with fear. What did the Labor government do in those years? Nothing.

Hon Darren West: It restored the AAA credit rating.

Hon MICHAEL MISCHIN: Well done—spending it on nothing! The opposition wants to rename WA to SA—South Australia—where the power fails and leaves the whole state in darkness!

Several members interjected.

The PRESIDENT: Order!

Hon MICHAEL MISCHIN: The audit review confirmed that Western Power had failed to address the critical safety issues identified in the 2006 audit review. It appeared not to have taken any significant action to deal with the problems identified in the audits. As a public utility under Labor, it did not have a coherent wood pole management plan. Its "sound, dig and drill" pole strength-testing method was not being consistently applied and its accuracy had not been validated. The unassisted pole failure rate—members will recall there was a parliamentary inquiry into that which turned up some damning evidence—was very high and much worse than failure rates in comparable networks in other states. Inadequate pole-base reinforcing methods had been used for a significant proportion of wood poles in service and far too few poles were being either properly reinforced or replaced to reach an adequately safe system and to sustain it into the future.

Western Power complained that it was the best it could do with the money it had. But the state had a great set of books, though, did it not? Since then, the Liberal government, expecting the cost to be potentially as high as \$1 billion to make up for the shortfalls, incompetence and mismanagement of a public utility under the Labor regime, ended up having to have EnergySafety issue orders requiring attention to this problem. That was accomplished earlier this year at an under-budget cost of \$650 million of public money. That work should have been done by Western Power during the Labor years. To have it said that somehow, after all that work, this government would jeopardise the safety of people in country areas through privatisation to an incompetent operator is just absurd. If anyone is incompetent to comment on that subject, it is the Labor Party because of its mismanagement of what it considers to be the appropriate vehicle for this sort of thing—a public utility. It was a public utility and it did not do its job. It eventually had to do its job —

Several members interjected.

The PRESIDENT: Order, members!

Hon Alanna Clohesy interjected.

The PRESIDENT: Order! Hon Alanna Clohesy must be very keen to have her say.

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Hon MICHAEL MISCHIN: It was this government that made good the shortcomings of the Labor regime and its mismanagement of a public asset—an asset it supposedly prizes very highly. The opposition considers that somehow the risk will be greater if it is a private concern; it will not be greater. One of the differences, as a private concern—if that were to happen—is that that would be its business. In order for it to continue its business it would have an obligation to itself to manage the asset properly. It could also be policed properly—not by another arm of government policing a public utility, but an arm of government policing a private concern. EnergySafety will still be there to ensure the integrity of the power distribution system. If EnergySafety is managed properly—as it has been under this government—it will require any operator, whether it is a public utility or a private operator, to meet the standards necessary to ensure public safety. This is something that was abjectly missing from any management by the Australian Labor Party when it was in government.

While we are talking about great sets of books, let us look at how it managed the prison fleet system that resulted in the death of one Mr Ward because it would not spend money; it wanted to squirrel money away for a great set of books. Well done to the Labor Party!

Several members interjected.

The PRESIDENT: Order, members!

Hon MICHAEL MISCHIN: The best that Hon Amber-Jade Sanderson could come up with as a cause of fires was faulty powerlines in Victoria. The causes of fires in Western Australia are not faulty powerlines. They can be caused by pole-top fires. Wood pole failure has been a major cause of fires. This information is the result of studies by EnergySafety. This government has addressed the issue of wood pole failure. Another cause of fires is conductor clashing; not faulty powerlines. Conductor clashing can cause arcs and meltdowns. Droplets of metal can fall to the ground and cause fires, as well as pole-top fires. All those issues have been addressed under this government. If there is a disposition of this particular asset to someone who can run it properly, we are not going to go backwards. Although the Labor Party talks about the merits of a publicly owned utility under a “proper” government, what is plainly the case is that it cannot manage public utilities. I fear that if Labor comes into government again, if there is no proper dealing with Western Power or the other energy assets in this state, we will go back 20 years and have power failures and mismanagement. Perhaps we will have a great little set of books at the end of it but no money will have been spent on the infrastructure needed to make this a better and safer Western Australia.

HON ALANNA CLOHESY (East Metropolitan) [11.09 am]: I am very keen to speak on this motion, particularly as the Attorney General brought up the whole idea of management. Let us look at management, shall we? We have this motion because of the shocking management of the budget by this government.

Point of Order

Hon MICHAEL MISCHIN: I thought we were discussing the motion —

That this house notes the negative impacts of selling Western Power, in particular —

- (a) higher electricity prices;
- (b) fewer jobs; and
- (c) increased risk of bushfire.

That is not the Loan Bill or an appropriations bill or a budget bill.

Several members interjected.

The PRESIDENT: Order!

Hon MICHAEL MISCHIN: With respect, this is not a budget debate.

Several members interjected.

The PRESIDENT: Order! The member has only just risen and got into the first 15 seconds of her contribution and I have yet to establish the theme that she is trying to develop in her comments. Let us give her a chance.

Debate Resumed

Hon ALANNA CLOHESY: Thank you, Mr President. I thank the Attorney General for giving me a hint about what to speak about during the Loan Bill 2016 debate, but I did not need it because the reason we are debating this motion about the privatisation of Western Power is the same reason we will be debating the Loan Bill. We need to debate the Loan Bill because of the financial mismanagement of this government. We need to debate this motion, brought to us by Hon Amber-Jade Sanderson, because of this government’s financial management. Why we need to even consider the possibility of the privatisation of Western Power is because of the financial management of this government since 2008. This government has had no financial management plan. It has, however, had seven Treasurers in seven years—seven little Treasurers in seven years. There is a special prize for

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people who can name them in the chronological order in which they held the position; there will be a chocolate. Of course the Leader of the House knows exactly who they are and the years in which they served because —

Hon Peter Collier: What do I get?

Hon Amber-Jade Sanderson: Chocolate!

Hon Peter Collier: Ooh, really?

Hon ALANNA CLOHESY: Yes.

He is part of the government that has incompetently managed the budget. In those years no-one has been driving the ship of state, including the Leader of the House, and this government has made ad hoc and poor decisions. This is evidenced by debt of \$3.9 million in 2008, which is now spiralling towards \$40 million. Each and every single budget that this government has brought down has forecast that debt would increase. Was there a plan to deal with that? No, because there were seven Treasurers in seven years. Each budget had no plan and no strategy, just a new Treasurer every year.

Point of Order

Hon MICHAEL MISCHIN: I have listened with interest for over two and a half minutes —
Several members interjected.

The PRESIDENT: Order, members! There are people in the gallery; we do not want to give the impression that this is a rowdy, unruly place where debate is not conducted according to some sort of good order.

Hon MICHAEL MISCHIN: I have been listening more than I can ordinarily cope with, simply to see whether I can test a personal discipline. A quarter of the time has gone by and we still have not heard anything about the negative impacts of selling Western Power, which I thought was the motion before the house.

Hon Sue Ellery: We did not hear it from you either; you just talked about us!

Hon MICHAEL MISCHIN: I dealt with the issue of the increased risk of bushfire and countering it against how a public utility was mismanaged, so I did address the motion and the issues raised by the mover of the motion. I have yet to hear anything about the motion from Hon Alanna Clohesy.

The PRESIDENT: That is a point of view, not a point of order. Members need to develop their arguments and bring them back to the motion and different members have different means of doing that. However, I am listening carefully to Hon Alanna Clohesy for her theme to come back to the motion.

Debate Resumed

Hon ALANNA CLOHESY: Thank you, Mr President. That was just as I was to get to the point, which is that the only response that this government has given in every budget over the last seven years of seven Treasurers, with no-one at the wheel, has been to say, “We’ll sell a grab bag of assets and that includes Western Power.” That is the only response. The problem is that the government has flip-flopped all over the place about whether it will sell the grab bag of assets, including Western Power. That could be just a result of seven Treasurers in seven years, but of course it is not. It is that this government has never had a financial management plan in place for this state. It has never had a plan for addressing the debt that is spiralling out of control. Seven Treasurers in seven years have never had a plan. The grab bag of assets, which includes Western Power —

Several members interjected.

The PRESIDENT: Order, members!

Hon ALANNA CLOHESY: Quite frankly, I lost track. I tried to track this government’s position on the sale of Western Power: “Will it sell it? Won’t it sell it? It’s a maybe; no it is not.” But all I could come up with was a mass of contradictions based on a number of things to do with Western Power. We could sum it up as: “Will it sell it or won’t it sell it?” I think we are now at, “We will sell it, but not until after the next election.” However, Treasurer 7 contradicted Treasurers 3 and 5—that is the Premier—in saying that he would actually sell it and he is doing the work to sell it. We know that this government is going to sell it; it is working to sell it, it is just not telling the public. We know there is a problem, even though the government keeps contradicting itself in the way in which it is managing this state, including Western Power.

Western Power is an asset of this state that should not even be contemplated for sale. Why? In the last financial year, this state-owned asset—it belongs to the people—provided a dividend to the government of over \$400 million. But that is okay; the government does not know how it will start getting back that \$400 million once it has sold the asset to pay down debt, which is a mistake. But the government will sell it, because that is its only idea. The government is vacuous and it has no plan for the future. In addition to the \$400 million that comes back to the state every year from this asset of the people, Western Power also contributes about \$150 million in tax payments. Where will that money come from? The government has not got a plan about that; all it has a plan for is a quick fire sale of Western Power. The government still does not know how it will do it; it just knows that

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it will do it. This is on top of Western Power making savings and efficiencies. This year Western Power reported \$400 million in its annual report. That is what it has said. Why would the government sell an asset that is returning over \$550 million a year?

Hon Sue Ellery: Because you are desperate!

Hon ALANNA CLOHESY: It is because the government is desperate and it is having a fire sale. Hon Sue Ellery is quite correct.

I attended a public meeting in Mundaring a couple of months ago and listened to locals expressing their concern about the impact of privatising Western Power. They were not only concerned that we had got to this stage, but also understood we had got to this point because of the financial mismanagement of the government. They also expressed concern about what would happen if Western Power was sold. First of all, they were concerned about the increase in the cost of supplying electricity to their homes. They have a right to be concerned about that, because in eight years this government's financial mismanagement has overseen an 84 per cent increase in the cost of electricity supplied to people's homes. It is already happening to them, and they know that the government has overseen that increase. They are concerned that privatisation would at least double that increase, because that has been the experience in other states.

The other thing that people were concerned about was the impact on jobs. People at that public meeting heard evidence about privatisation in other states affecting not only the number of jobs that would go, but also the type of type of jobs that would go under privatisation. As has happened in other states, maintenance jobs have gone and particularly people in the hills were very concerned that power maintenance jobs would go if Western Power was privatised. Why is that? It is because of the likely impacts from the loss of maintenance on poles, which they have already experienced. If more maintenance jobs were to go, it would create an increased risk for them. That meeting was held in Mundaring. Another concern expressed at that meeting was, basically, they did not trust the government that privatisation needed to happen. That was articulated very clearly.

HON COL HOLT (South West — Parliamentary Secretary) [11.22 am]: I will try to be brief to give some other members the opportunity to speak. I have been listening intently to this very broad-ranging debate. I want to talk about a couple of issues that Hon Amber-Jade Sanderson raised in her opening remarks—debt reduction and the sale of government assets. The member referred to selling one-third of Keystart's loan book. The member would know that relates to gross debt and that contributed to the bottom line of government. In fact, it is a policy outcome sought by the government and which the opposition leader in the other place agrees with wholeheartedly. It is not right for the member to say that it was an asset sale to help with debt reduction; in fact, it was about ensuring that Keystart continued to play an important role in society in the state. The government had to do something about the loan book to ensure that Keystart could continue to be a lender of last resort in this state. With the changes we have seen in the focus on housing and housing approvals, which have been at record levels—although it is coming down to the traditional level and below—the ability for Keystart to adjust its loan parameters and increase the level of home ownership by getting new home owners into the market is really important for the state and is an important tool to provide stimulus in the housing market. If members asked any builder or anyone in the Housing Industry Association, they would confirm that. Taking that asset off the loan book had nothing to do with debt reduction; it was a policy decision of government that was absolutely critical.

Hon Amber-Jade Sanderson also mentioned the TAB, which I know a fair bit about. I was not asked about that when I was the Minister for Racing and Gaming. The TAB is a government asset that was set up to deliver outcomes for the racing industry. It funds the racing industry, so it is right and proper for government to look at how that asset is delivering for the industry. If members wanted to place a bet on the races 10 years ago, 100 per cent of the time they would have had to walk into a TAB agency. That is not the case anymore, as there are many different ways to place a bet.

Hon Amber-Jade Sanderson: Are you supporting the sale?

Hon COL HOLT: I am responding to the issues that Hon Amber-Jade Sanderson raised. I will get to some more of those in a minute.

At the moment, people can place a bet in many different ways and that has put pressure on the business model of the TAB, which funds the racing industry, so the government should look at the TAB to see how it can deliver better outcomes to the racing industry. That is the leadership role that I played in that.

Hon Amber-Jade Sanderson talked about the tariff equalisation contribution levy and I asked by interjection whether she supported it, because it sounded as though she did. Although the member did not respond to me then, I am happy to take an interjection now on whether she supports the TEC.

Hon Sue Ellery: I want to know what you think about Western Power.

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Hon COL HOLT: I am getting to that. Does Hon Amber-Jade Sanderson support the TEC?

Several members interjected.

The PRESIDENT: Order! Order, members!

Hon COL HOLT: Does the member support the tariff equalisation contribution?

Several members interjected.

The PRESIDENT: Order!

Hon COL HOLT: I want to know whether Hon Amber-Jade Sanderson supports the tariff equalisation contribution levy, because it sounded as though she did.

Several members interjected.

The PRESIDENT: Order, members!

Hon COL HOLT: It sounded as though Hon Amber-Jade Sanderson supports it, because she said that it was a critical cross-subsidisation cost of the south west interconnected system. I refer to a policy statement by Mark McGowan in August 2012 titled “Lower power bills”, which states that if elected the Labor Party will abolish the tariff equalisation contribution levy. If that has changed, I would like to hear. If Hon Amber-Jade Sanderson gets the opportunity, maybe she will respond.

Hon Sue Ellery: We will tell you well before the election. Why don't you tell us about Western Power?

Hon COL HOLT: That is a big backflip! We understand that regional subsidisation and cross-subsidisation in power generation and supply is important, because wherever people live in Western Australia they need access to those sorts of facilities and services from government. I get back to Western Power. The reason that I talked about the TAB is that there will be no doubt in people's mind that Western Power's basic operating model is changing. I saw some figures just the other day—I would like to have had them in front of me, but I do not—that 15 years ago 4 000 households in Western Australia had solar panels, but now 150 000 households have solar panels. That has to be putting pressure on Western Power's business model. How do we look at that business model so this entity can continue to deliver outcomes for Western Australians? If that means the government can partner with a private company and Western Power to deliver outcomes, it should look at that. We should not put our head in the sand and say that we are not selling Western Power no matter what. We should be asking: if we were to sell Western Power, what sort of deal that could deliver for Western Australians?

The National Party has said that it will look at asset recycling. If the government wants to sell assets, the proceeds should go back into our communities to drive economic development and outcomes that should deliver more jobs and greater economic activity. That is how we protect and also create jobs. We should look at the assets we have and how we can use them to the best of their ability and at how we change that mix to deliver more outcomes and economic development. If we can do that, it is worth looking at the sale of assets.

HON SAMANTHA ROWE (East Metropolitan) [11.28 am]: I also rise to support Hon Amber-Jade Sanderson's motion that this house notes the negative impacts of selling Western Power, particularly around higher electricity prices, fewer jobs and increased risk of bushfire. Research was undertaken by Orion Consulting Network around the impacts of privatisation of Western Power. In the brief amount of time available to speak this morning, I would like to touch on that so there is no confusion about how negative the impacts will potentially be if the coalition goes ahead and privatises Western Power. I have been in the chamber for the majority of the debate but I am pretty sure that we have not heard from anyone on the other side of the chamber about whether they agree with privatising Western Power. We know that the Treasurer is certainly in favour of privatising Western Power.

I want to make some comments on the research that was undertaken by a third party. Its independent analysis revealed that the privatisation of Western Power would leave the state government worse off financially each year. The research was undertaken by Orion Consulting Network in the lead-up to the state budget in which the Barnett government was expected to announce its intention to sell or lease Western Power to the private sector. The research found that the potential proceeds of \$15 billion that have been flagged by the Treasurer, Mike Nahan, were probably at the upper end of the valuations and that the sale or lease value was probably more around \$11 billion. The research noted that Western Power was carrying \$7.2 billion in borrowings, which was a significant proportion of the Barnett government's total debt burden. However, the research also found that Western Power was generating sufficient earnings to fully cover the interest on the debt. Most strikingly, the research found that after paying its own interest bill of \$315 million in 2014–15, Western Power delivered an additional \$515 million in financial benefits to the state government made up of dividends, taxes, retained earnings and a \$136 million contribution to the tariff equalisation fund, which subsidised power prices in regional WA. There are concerns that if Western Power is privatised, fewer jobs will be available and services

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Hon Amber-Jade Sanderson; Hon Peter Collier; Hon Darren West; Hon Martin Aldridge; President; Hon Michael Mischin; Hon Alanna Clohesy; Hon Col Holt; Hon Samantha Rowe

will decrease. Let us not kid ourselves: if we privatise Western Power, the majority of the concern will be about making profits, not about delivering high quality services and making sure that everybody has full employment. We have a real concern that at the end of the day, the consumers will be left to pay for this privatisation.

Motion lapsed, pursuant to standing orders.