



Speech by

Jann Stuckey

MEMBER FOR CURRUMBIN

Hansard Thursday, 29 October 2009

SOUTH-EAST QUEENSLAND (DISTRIBUTION AND RETAIL RESTRUCTURING) AND NATURAL RESOURCES PROVISIONS BILL

Mrs STUCKEY (Currumbin—LNP) (8.58 pm): I rise tonight to speak on the South-East Queensland (Distribution and Retail Restructuring) and Natural Resources Provisions Bill 2009. As honourable members have already heard from the shadow minister, the honourable member for Callide, we on this side of the House support the general intent of this bill. I thank the minister for making available departmental staff to brief the opposition on provisions within this bill earlier this week. It is interesting to note that this is the third reform to South-East Queensland water in four years. Firstly there was the Water Amendment Bill in 2006, which established the Water Commission. Then there was the Water and Other Legislation Amendment Bill and the South East Queensland Water (Restructuring) Bill in 2007, which gave the government the ability to purchase and control water assets.

The main purpose of this new bill before the House is to return the retail and distribution aspect of water to three council controlled entities. It would appear that the Bligh government was incapable of managing the water grid, with its complex systems and layer upon layer of bureaucracy established by the Beattie government. This bill's main purpose will be effected by the creation of an act to further restructure the water industry in South-East Queensland and to make amendments to the following acts: the South East Queensland Water (Restructuring) Act 2007, the Statutory Bodies Financial Arrangements Regulation 2007, the Land Act 1994, the Local Government (Aboriginal Lands) Act 1978, the Valuation of Land Act 1994, the Water Act 2000 and the Water Supply (Safety and Responsibility) Act 2008.

The bill before us enables the establishment of three council owned distributor-retailer entities which will take over the provision of water and waste services from council. Notably, these assets will continue to be owned by council, but the functions of the assets will be transferred from individual councils to the three new entities along with the required staff members, and the number of entities will be reduced from 21 to seven. However, this is only the first bill in a two-step process. The second step will contain provisions for these new entities to become operational, and there is no mention of when a further bill to make these entities operational will occur. All three entities will be in place by 1 July 2010.

Once established, these entities will be known as water business 1, 2 and 3. Separately, these legal entities will be responsible for water delivery, waste water transport and treatment, recycled water treatment and supply, operations and maintenance, new infrastructure and retail services including billing and customer service. Water business 1, which covers Brisbane, Ipswich, Lockyer Valley, Somerset and Scenic Rim, will be owned by five council shareholders. Water business 2 will be owned by two council shareholders, being Sunshine Coast Regional Council and Moreton Bay Regional Council. Water business 3 will be owned by three council shareholders, being Gold Coast City Council, Logan City Council and Redland City Council. This business will service a population of some 850,000 people and an area of approximately 2,800 square kilometres and will have \$4 billion in assets.

Originally the government was looking at only one entity to oversee all of these areas. However, after much lobbying by the mayors of the Sunshine Coast and Moreton Bay, three entities were agreed upon. The mayors' argument—and rightly so—was that one entity was unfair as it did not distribute the

cost of the growth in South-East Queensland equitably and put the cost of water supply and sewerage growth in the western corridor onto Moreton and Sunshine Coast residents. It is a bit rich of the minister to say in his second reading speech that he had challenged the mayors when it was they who led the charge.

Queensland councils were, without doubt, short-changed when the Beattie government bought their water assets for peanuts and the Water Commission was established. After much debate and lobbying from councils, the government has decided to give back control of these assets through the creation of these water entities. Queenslanders have suffered through increased water bills because of this Labor government's ill-thought through decision to buy the water assets in the first place.

Firstly, the government established the Water Commission and set up the South-East Queensland water grid. Next, it purchased water assets from the councils for a measly amount of money and water rates rose. The water grid is in chaos, the Tugun desalination plant has serious defects and here we have another piece of legislation to reform our water structure yet again. Let us hope this is more successful than those that have come before it.

Further water price increases are guaranteed as the three new entities will issue separate bills independent of their rate levies. It is my understanding that the bulk water rate will be set by government and all three entities will share in the cost of the water grid, including the Tugun desalination plant. It will be up to the individual councils to set how much they charge ratepayers for the use of water. The Queensland Water Commission has released figures of expected rises but qualifies this by stating that retail figures will be controlled by councils and, in doing so, absolves itself of any responsibility for a high cost to the consumer.

In what is becoming repetitive and predictable behaviour by this Labor government, it has brought in legislation that, more often than not, places a heavy financial impost on local councils—those that are left, that is, after the shameful forced amalgamations across regional Queensland. We can therefore presume, just as was the case with the soaring electricity bills, that the price increase for water will be much greater than the government is letting on. Who can forget Premier Beattie's deceitful announcement that electricity costs would not rise with privatisation and could be even cheaper? It is so easy for Labor leaders to make promises that they have no intention of keeping, so long as they get their face on the six o'clock news.

Notably, Gold Coast bulk water prices per megalitre increased by \$270 in 2008-09 and are predicted to increase by \$256 in 2009-10 and by another \$243 in 2010-11. This equates to an increase of \$769 in a three-year period since the state government took over the water grid—and that does not include inflation. The expected retail bill increases for the Gold Coast are based on an average price, which also excludes inflation and the fact that the new entities can set their own costs. These are projected to increase from \$503 in the 2007-08 year to \$807 in 2012-13—a jump of around 60 per cent. This, I imagine, would be the minimum increase that the people of Queensland can expect. Residents are the losers here while the Labor government attempts to cover its incompetence by shuffling our water supply from one entity to another.

Due to the costly exercise of investigating the debacle at the North Pine water treatment facility, where there was an overdose of fluoride, the government is amending the Water Supply (Safety and Reliability) Act 2008 to enable it to recover costs. This will result in water service providers or recycled water entities who are investigated having to pay the cost of such an investigation—and so they should. However, this does not erase the fact that the government was responsible in the first place. Cost recovery provisions in the Water Supply (Safety and Reliability) Act will enable the government to recoup money spent due to these investigations. This is to ensure that water quality maintains a certain standard and any deviation from this can be readily identified and rectified without further cost to the government.

According to the explanatory notes, the policy objectives of this bill are to deliver significant benefits to the community including improved South-East Queensland regional focus in water security planning and service delivery, enhanced customer interface and clearer accountability in customer service delivery.

The Tugun desalination plant is a key component of the water grid, and I spoke about this project in November 2007 when debating earlier legislation. The state government took over this project from the Gold Coast City Council in 2006 promising to build a plant more than twice the size of the council's model in a two-year time frame. This announcement was made within two months of a state budget that allocated just over \$100 million for investigation, yet \$1.2 billion was committed only months later. The rest, as they say, is history.

It would appear that the unrealistic construction period demanded by the Beattie and Bligh governments has seen problem after problem, defect after defect, excuse after excuse and disruption after disruption. This two-year project is now well into its third year and it is not expected to be commissioned until mid-2010. As I said, this is a key part of the water grid. There have been faulty water pipes and water valves with signs of corrosion, pipes have caused roads in Tugun to literally pop out of the ground, numerous houses have suffered damage and the Tugun football club is sinking. All of this has hindered the opening of the facility. WaterSecure, the government's own entity, handed its report to the Bligh

government in July of this year highlighting major problems with the desalination plant. However, it did not include damages caused to residents' homes or to the Tugun football club.

We have heard every excuse imaginable from king tides, faulty valves, electrical problems, dry weather—and still the plant is not operating properly. During budget estimates this year, the Minister for Infrastructure had the hide to claim that the plant was finished and functioning properly. Now we learn that the monitoring of water quality of our ocean around the outlet pipe has been stopped due to budgetary concerns. The monitoring included photographs of various marine life, documented sites of marine species and water sampling, which revealed a lack of flathead and whiting around the outlet structure when the plant was undergoing trial operations. Environmental concerns about brine output from the plant into the local marine habitat existed from day one of this project, and recent reports from local fishermen indicated that close monitoring is required. It is to be hoped that the relevant minister will take some notice of this issue.

Of even greater concern is what we are drinking from our taps in suburbs throughout the electorate of Currumbin. Supposedly, desalinated water is going into our drinking water in South-East Queensland, yet just how much has never been disclosed by the Bligh government. When my office contacted WaterSecure, a spokesperson who manages the facility could not even provide my staff with information on the capacity that the plant is running at or what percentage of desalinated water is being mixed with the normal water. I ask the Minister for Natural Resources, Mines and Energy whether even he knows what is in our pipes.

My office is receiving calls from people who are concerned about the water quality coming from the desalination plant and the fact that it is causing dry and irritated skin. How do we know what is in the pipes that bring water into our homes and what recourse do we have for resulting skin problems? Will these concerns be investigated? I would ask the minister: who will pay for these investigations and who will pay if there are serious concerns affecting people? When the plant is fully commissioned it is expected to produce 125 megalitres of desalinated water per day. But when this will occur, as is so much the mantra of this government, is anyone's guess.