



Speech by

**Jann Stuckey**

**MEMBER FOR CURRUMBIN**

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## **WATER AND OTHER LEGISLATION AMENDMENT BILL**

**Mrs STUCKEY** (Currumbin—LNP) (9.39 pm): I rise to speak to the debate on the Water and Other Legislation Amendment Bill 2010, which was introduced into the House on 26 October by the Minister for Natural Resources, Mines and Energy, the honourable member for Stretton.

This omnibus bill amends a multitude of acts. However, the specific aims of this bill are to amend the Energy Ombudsman Act 2006 to expand the role of the Energy Ombudsman to include water and waste water disputes in South-East Queensland; to amend the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009; to make further amendments to the Queensland Water (Distribution and Retail Restructuring) Act and the Water Act 2000 to ensure that distributor-retailers have the necessary powers to perform their functions effectively; to amend the Queensland Competition Authority Act 1997 to declare the three South-East Queensland distributor-retailers for the purposes of the deterministic regulatory framework under part 5A enabling the Queensland Competition Authority to make enforceable water pricing determinations; and to update and enhance the existing processes under part 5A of the QCA Act indicating the need to moderate the impact of price increases on customers by implementing price paths, where appropriate.

In what is becoming a very regular practice by this incompetent Bligh government, there are a number of important amendments being lumped into one bill and pushed through the parliament in a hurry. Amendments herein deal with a wide range of controversial state government policies, policies that have caused significant concerns to Queenslanders—water pricing, wild rivers and the coal seam gas industry. However, the focus of my contribution tonight is directed at amendments that relate to water and waste water services within South-East Queensland. This focus is in line with the distress and anxiety of the majority of my constituents who are reeling under the pressures being placed on the average household from rising water charges.

As honourable members have heard from the shadow minister, the honourable member for Callide, Labor's mismanagement of the water prices will be one of the most terrible legacies left by this state Labor government and the cause of mounting water bills facing Queenslanders for generations to come. It is glaringly obvious that certain provisions of this bill have been included as a by-product of the blame game between South-East Queensland councils and the state government, following the years of numerous baffling water reforms inflicted on councils by the Beattie-Bligh Labor governments.

While the minister in his second reading speech alluded to the increased customer protection measures set out by this legislation, he also made the most of the chance to point the finger of blame at councils over the confusion and frustration Queensland ratepayers are feeling about their water bills and charges. This bill is the fifth piece of state government water legislation in as many years, and the situation for consumers has never been more ominous. Members opposite have made an absolute mess of Queensland's most vital asset—water—with needless and expensive layers of bureaucracy ramping up prices to consumers.

This state of affairs is all the more obscene when one takes a look at the wages paid to fat-cat water executives, as revealed in the *Sunday Mail* last month. An annual wage of up to \$460,000 for a water grid manager is offensive while households are facing real financial hardship as they buckle under the pressure

of rising water costs. Labor's labyrinth of water bosses are pocketing an extra \$100,000 in salary increases at the same time as Queenslanders are struggling just to pay their bills.

With the latest round of reform commencing from 1 July this year, water and waste water services—previously the responsibility of local councils in South-East Queensland—are now supplied to residents by three distributor-retailer entities, albeit owned by the councils. One of the primary aims of this bill is to amend the Energy Ombudsman Act 2006 to expand the role of the Energy Ombudsman in Queensland to include water and waste water disputes from 1 January 2011. The newly named Energy and Water Ombudsman Queensland will provide access to a dispute resolution process for residential and small business customers—small customers—in accordance with the Customer Water and Wastewater Code—the code—which, as stated in the explanatory notes, is to be developed in late 2010.

The Energy and Water Ombudsman will be able to investigate disputes between a small customer and a water entity—the latter being one of the three South-East Queensland council owned entities established by the recent water reform legislation—about its performance of a water entity function, as stipulated under the code. Interestingly, section 12A provides the instances that the Energy and Water Ombudsman cannot investigate. Specifically, this newly created role will not be able to accept a referral about or investigate the fixing of charges for water and waste water services or the methodologies for fixing prices. Even more interestingly, section 12B goes further to exclude from the Ombudsman's reach the content of government policies, legislation, an energy act authority, an industry code or the Customer Water and Wastewater Code. Once again, this deceitful Labor government is excluding itself from scrutiny and accountability. We know that people are hurting from increasing charges of water and electricity, just as we know that state government members are continuing to shift the responsibility for skyrocketing water prices to anyone but themselves.

Furthermore, this bill will amend the Queensland Competition Authority Act 1997 to declare the three distributor-retailers as monopoly water and waste water suppliers under part 5A, which currently only applies to privately owned water suppliers. As such, with the passage of this bill the distributor-retailers will be subject to the QCA's water-pricing determination process. Provisions in this bill will enforce the need to implement price paths to moderate the impact of price increases on consumers.

As honourable members heard from the shadow minister, this proposed determination is yet another example of the Bligh government attempting to hide behind further layers of bureaucracy to distance itself from the blame for decisions affecting the price of water. Capital assets like the \$1.2 billion Tugun desalination plant and other facilities built as part of this government's hastily cobbled together water grid are crippling us on top of water and maintenance costs. These borrowings, these debts, must be repaid. They will not go away.

According to the price path set by the Queensland Water Commission in 2008, annual Gold Coast water bills will rise from \$503 in 2008 to \$807 in 2012, an increase of around 60 per cent. However, a recent report prepared by economic think tank AECgroup on behalf of the Local Government Association in Queensland said that water bills will nearly double in the next seven years, with the Gold Coast, Logan and Redlands to be hardest hit. Residents on the Gold Coast who are currently paying about \$770 a year can expect to be paying \$1,400 by 2017. This leaves little faith in the QWC's price path projection, predicted to be \$694 this year, which has already been surpassed by almost \$100.

When the state government began this water reform process in 2007, bulk water prices made up about one-third of water costs. As of 2010, this figure has reached about 40 per cent and it is expected to reach 65 per cent by 2017 to cover the cost of the state's ill-fated \$9 billion water grid. Meanwhile, the state continues to say that bulk water prices contribute to only 25 per cent of water retail bills. In answer to question on notice No. 1344 of this year the Treasurer stated—

On average across south east Queensland, the bulk water charge makes up about one quarter of residential water and sewerage bills. The rest is made up of charges levied by the council-owned water and sewerage businesses.

Councils dispute this, exemplified by the bitter public battle between Premier Bligh and Gold Coast Mayor Ron Clarke earlier this year. It is not surprising that Mayor Clarke has expressed his anger at the state over the way the water crisis has been handled. Before 2006 and the state's intervention in water production, the Gold Coast City Council produced water for residents at just \$160 a megalitre. Now we know that the cost of desalinated water from the Tugun plant alone is \$731 a megalitre, and the cost of treated dam water has reached \$300 a megalitre.

A survey conducted by Market Facts during October found that 85 per cent of people believed that recent increases in water prices were unreasonable. Of those, two-thirds believed that the state government was responsible for the hikes. Only 4.3 per cent of people believed that the new water authorities—that is, Allconnex, Urban Utilities and Unitywater—were responsible. Bligh Labor government members do not want people to understand the full extent of their actions, which is why they have embarked on a devious blame-shifting exercise.

Without doubt, our great state's water crisis was due to the reprehensible neglect of water provision for a decade under Premier Beattie and by successive Labor governments. Premier Bligh, who was the Treasurer who approved the \$9 billion water grid, now trots out the excuse that we had to spend all this money because we were facing severe drought. Any competent government would not have sat on its hands for a decade and allowed our dams to run dry. It would have invested in water security before it came to this. Whatever happened to competent financial management, saving for a rainy day or, should I say, protecting against drought?

The LNP, unlike Labor, is determined to keep the price of water down. A Langbroek LNP government has pledged to limit any water price rises to increases in the consumer price index. We do not believe that ordinary Queenslanders should be slugged for the monumental failures that epitomise years of incompetent Labor governments. The people of Queensland are hurting and the Bligh government's claim to include relief measures in next year's budget is too little too late. If this year's meagre \$24 saving on CTP insurance is anything to go by, residents should not hold out hope for any real relief.

Speaking to the South-East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Bill in May this year I raised the harrowing concerns of local not-for-profit groups who were uncertain as to whether previous council concessions for water supply and charges would continue with the new water entity Allconnex. I am sure all honourable members have not-for-profit groups in their electorates that they care about and would like to see them continue their valuable work.

A recent letter sent to my office has confirmed that the generosity shown by councils for many years has indeed ceased as of 1 July 2010 with the commencement of the new water entities. As a result of recent state legislation, it is now at the discretion of local councils to continue discounted water charges.

The Palm Beach Currumbin Alleygators Rugby Club, a not-for-profit sporting club in my electorate, wrote to me saying—

The increase in water charges and rates is crippling our ability to provide a service to the local community and members of our association.

They continue—

As you know, we have many members, both junior and senior, and water is not only used by these rate payers, but also for the many visiting sides that use our facilities on a weekly basis.

This is incredibly disappointing and worrisome for the future of our invaluable community groups. Not-for-profit groups need as much support as they can get to survive. The cutting of vital lifelines such as water discounts and concessions could spell the end for many already struggling to exist.

The Tugun desalination plant was finally handed over to the state government on 1 October 2010—almost two years after the original estimated completion date of November 2008. This \$1.2 billion project has had more episodes than *Days of Our Lives*. It has been labelled everything from a lemon to a rust bucket and some words that would certainly be classed as unparliamentary. It has spent much of its life not functioning properly and has had more defects and faults than the disastrous Health payroll system. But worst of all, its impact on local residents has been terminal, with financial burdens from damage done to our footy club and residents' homes shamefully ignored by those responsible.

An article in the *Gold Coast Bulletin* last month stated that it cost \$32,000 a day to keep this facility running at 33 per cent capacity. When questioned as to why the plant could not be turned off, the government replied that it was more cost-effective to let it run at a low amount. Despite my repeated calls for proof that running the plant is more cost-effective than switching it off for a period of time, an answer is yet to be supplied by the state government. The Premier and the Minister for Infrastructure must come clean and show Queensland the cost comparisons. But, as with so many other projects, the truth is that the government almost certainly does not know the true cost because it has not planned properly.

Another journalist questioned whether the desalination water was being used to purify other water stocks or simply being pumped out to sea. Gold Coast ratepayers are getting slugged higher costs for their water usage and yet people on the Gold Coast have proven they are good water warriors by reducing their water consumption. Is this how the government thanks them for their diligence—with high water bills?

A newspaper poll on 13 October this year attracted 150 responses in a 24-hour period, with 91 per cent of those believing the desalination plant should be shut down until needed. My office has received a tremendous response to an electorate wide survey I sent out earlier this month inviting residents to have their say on issues that matter most to them. I asked residents whether they thought the desalination plant should be mothballed while our dams are full. While surveys are still coming in, a straw poll of 100 respondents revealed over 90 per cent support mothballing the plant.

A few constituents added comments that included, 'Cut it out and demolish it'; 'A waste of \$1 billion'; 'A disgrace.' Others said, 'If it was built correctly it should be switched off to a float mode which flushes the

system on a regular basis with fresh water, not salt, to keep the system operational, not fouling up the system with marine growth if it is allowed to stop completely.'

To add further salt to the wound, although I wonder whether that is possible considering the heartache that this project has already caused, Patrick Lion from the *Sunday Mail* exposed a leaked report by the Queensland Water Commission. This report, which the Bligh cabinet has in its possession, lists three options. One of these, listed as an extreme alternative which would place the desalination plant on hot standby, would in effect mothball it. The report says—

It—

meaning the Tugun desalination plant—

will not routinely supply water to the water grid, avoiding operating costs and energy consumption. However it will be operated and maintained such that it is available to supply within 24 hours of a request.

This is estimated to save \$10.5 million a year. That would be able to be handed on to ratepayers. However, this report is at odds with the government's argument that it is more cost-effective to keep it running. Who is telling the truth and who is telling the furphies? Other water facilities in South-East Queensland could also be shut down and become white elephants, according to this report.

**Mrs STUCKEY** (Currumbin—LNP) (9.58 pm), continuing: What we have here in this leaked report is yet another example of the total incompetence and arrogance of this wasteful Bligh Labor government. It spends taxpayers' money as if there is no tomorrow and tops up fat cat salaries like drunken sailors.

One concerned researcher wrote to me saying—

I would expect a rigorous risk analysis of shutting down the plant including the costs of each worst case scenario on that.

This researcher continues—

Clearly the question now facing us is no longer 'should we have a Desal', that has already been answered, but what is the most effective manner in which to manage it.

It sounds like common sense. The researcher continues—

Costs of analysis should include external factors such as power consumption and impacts on the grid as well as the factors internal to the plant such as how the membranes can cope with storage and what knowledge there is in the engineering community about this leading edge (bleeding edge?) technology.

In summary, Queenslanders will be repaying the nine or so billion dollar water grid for years—a Labor experiment that has saddled the people of our great state with unnecessary burden and personal hardship. Now the Premier says she might mothball the plant, but only after the release of another damning report card for this incompetent Labor government. The Premier has shown that neither she nor her ministers are fit to govern this state. She cannot pay nurses, cannot keep her promises and cannot manage infrastructure. The Public Works Committee inquiry that was put on hold—or should I say 'mothballed'—when the state election was called early in February 2009 must be completed as a matter of urgency. This government has an obligation to reveal to taxpayers the costs involved in slowing down or stopping this plant for set periods of time.

Queenslanders are faced with intolerable increases in water bills for years to come. The ignorance and monumental failure of the Labor government to plan for the state's future water security is the greatest example of maladministration by any government. The LNP warned of the crippling expenses associated with Labor's attempts at water reform which have now come to pass. If fingers are to be pointed, they should be directed at those honourable members who sit on the other side of this House. They are the ones to blame for excessive water bills, just as they are for exorbitant electricity prices. Peter Beattie could not be trusted on electricity, and Premier Bligh cannot be trusted on water or paying nurses or health workers—or anything much at all for that matter! The cost-of-living crisis that is affecting so many people has been caused by the Bligh government that has failed in its administrative duties and Queenslanders will not forget the pain inflicted by Labor as we inch closer to the next state election.