




Speech by

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MEMBER FOR CURRUMBIN

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FAIRER WATER PRICES FOR SEQ AMENDMENT BILL

 **Mrs STUCKEY** (Currumbin—LNP) (2.44 pm): In joining the debate on the Fairer Water Prices for SEQ Amendment Bill 2011, which was introduced into the House by the Minister for Energy and Water Utilities, the honourable member for Stretton, on 12 May, let me echo the sentiment of the shadow minister, the honourable member for Buderim, and other LNP members in saying that this amendment bill is little more than a cheap political stunt, which is why we on this side of the House cannot support it.

Water prices have gone through the roof for residents and community groups in South-East Queensland due to the Bligh Labor government's incompetence and poor management. The honourable member for Buderim quite rightly pointed out early in his speech that the very title of this bill 'Fairer Water Prices for SEQ' pretends to be something it is not. Rather, it is deceptive and misleading. It is also downright dishonest, as the honourable member also pointed out in his well-researched presentation to the House. Both the Premier and the minister, the honourable member for Stretton, have resorted to fabrication of the truth by attempting to shift the blame onto the former mayor of Brisbane when this mess was of their own making.

Here we stand debating this the seventh piece of water reform legislation dished up by the inept and sneaky Beattie then Bligh governments since 2006. On behalf of the good people of Currumbin, whom I am proud to represent and who have tolerated enormous disruption through the construction of the billion dollar Tugun desalination plant, I wish to place on record my total disgust at this Labor government's arrogance and absolute disregard for the negative effects its legislation has on everyday people. On a daily basis this expensive eyegore reminds residents of this government's ineptitude and reason for the cost blow-outs in water prices.

People in my electorate would not trust this lot to run a chook raffle let alone something as vital as a water distribution system. Now Labor says that it will permit councils to opt out of the very legislation they forced them into less than two years ago. My LNP colleagues and I said at the time the government introduced the three water retail companies that price rises would be a certainty as the new entities would issue separate bills independent of their rate levels. And just look what has happened. How many times have we seen this lazy and ineffective government rush legislation into the House only to find that it did not plan properly and had to bring it back to amend, sometimes even before debate on the bill was completed?

According to the explanatory notes, the primary objectives of this bill are to amend the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 to provide for prices charged by distributor-retailers for the supply of water and wastewater services to residential and small business customers in South-East Queensland to be capped annually by the consumer price index. They are also to extend the period in which the minister may make a transfer notice and to provide for the portability of long service leave entitlements when staff move from one distributor-retailer to another. Additionally, the Queensland Competition Authority Act 1997 will be amended to remove the price determination role of the Queensland Competition Authority for water and wastewater charges by distributor-retailers that was to apply from 1 July 2013. Other subsequent amendments are proposed to be made to the South-East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Act 2010 and the Water Act 2000.

During the course of this year we have seen a blame game of epic proportions as this toxic Bligh Labor government turns itself inside out trying to abrogate its responsibility regarding the management of our water supplies. Nowhere was the rage more public and protracted than on the Gold Coast, where a community group called Disconex was formed in protest to unreasonably high water prices being imposed on residents.

Thousands of people signed petitions and attended rallies to voice their total objection to wickedly high water bills that they discovered in their letter boxes earlier this year. Not only residents but also community groups felt the inexcusable water price spikes, with bills doubling and even trebling in some cases. This caused enormous concerns for many about their survival into the future.

A representative from Disconex mailed me today and asked me to make the following points on their behalf. I do so now—

The Bill for Fairer Water Prices misses the point for the people. Thousands of people are hurting because of higher water prices, but they are also extremely concerned about the loss of this essential service into what could very well be in the future, privatisation.

Gold Coast City ratepayers will subsidise Logan & Redland council's infrastructure to the tune of 62.5 cents in the dollar, for all future infrastructure needs.

The mail continued—

There is no accountability of Allconnex to the people. The largest shareholder of Allconnex, Gold Coast City Council has absolutely no say in the running of our utility nor in the price increases that will follow after the capping will be removed in two years.

Gold Coast residents have lost their water assets and have had no adequate compensation for these assets and will again be further penalised by having to support two other councils and pay massive increasing bulk water charges to the State Govt.

The Fairer Water bill is only fair to Logan and Redlands Councils.

The whole structure of Allconnex and the water reform has left 500,000 people terribly disadvantaged.

The cost of dismantling Allconnex should not be viewed in short term costs, but as long term savings to the community.

Maintaining public ownership and community control over the water and wastewater facilities, and other vital services are essential to ensure the community has democratic, equitable, and affordable services for the future. This has been lost to the Gold Coast community.

That is the end of the mail from the Disconex representative.

I wonder what the Labor members on the Gold Coast have been telling their angry constituents when they call their offices in pure rage over their massive water bills. Let me guess: 'It's all the councils' fault.' Is that why none of them—not the member for Burleigh, not the member for Broadwater, not the member for Southport, not the member for Albert—bothered to turn up at any of these rallies? Rather than face the irate constituents, they hid away in a cowardly manner.

The Fairer Water Prices for SEQ Amendment Bill was introduced following the Premier's statement in parliament on 7 April this year, which amounted to a backflip of major proportions on the government's own water reform bill. It contains provisions that would allow local councils the option of regaining control of water, as well as announcing a cap on charges from council owned water entities.

This bill introduces a price cap to constrain water and wastewater distribution and retail price increases to the annual CPI increase, which is currently 3.6 per cent according to the minister's second reading speech in May but is 2.7 per cent according to the Premier's statement on 7 April. Perhaps the minister would be kind enough to offer some clarification on this anomaly in his reply, or is this yet another example of the government not being able to get anything right, even basic figures? This cap is due to commence on 1 July 2011, in two weeks time, which is why we are debating this bill this week—conveniently, a day before we begin debate on the state budget. Provisions will apply for two years, ending on 30 June 2013.

Notably, this cap is only to apply to water and wastewater services as supplied by the council owned distributor-retailer entities—Unitywater, Queensland Urban Utilities and Allconnex. The state government's own bulk water charges will be exempt, and during this time frame they are expected to rise by up to 25 per cent in order to repay their \$7 billion south-east water grid debt over a 20-year period. How unfair is this, but it is typical of this arrogant Labor government—one rule for them and another for the rest of us. What this means for households already struggling against the huge tide of cost-of-living pressure created by the Bligh Labor government is that their water bills will keep going up and up due to state government bulk water charges.

Queenslanders are hurting under this Bligh Labor government, and the bill before us does nothing to alleviate the issue of costly water bills. In the June-July issue of the *Council Leader* magazine, Craig Johnstone wrote this with regard to the Premier's latest somersault—

The undisputed queen of contradiction is Premier Anna Bligh, with her recent actions meaning ratepayers could ultimately pay an unnecessary price.

He continued—

In allowing councils to opt out of the current water utilities, the premier is washing her hands of political responsibility, siphoning that negative fallout directly to councils.

Mr Johnstone hit the nail right on the head, and I encourage residents in South-East Queensland to read his comments.

Provisions in this bill will also require South-East Queensland councils to submit a plan on how they intend to mitigate price increases on customers after the cessation of this proposed two-year cap. They will also be required to publish a quantifiable price path for prices for residential and small-business customers by 1 March 2013 which must cover at least five years of price rises. According to the explanatory notes, this is to ensure price increases are transparent and remain subject to public scrutiny. However, a similar provision is not included for the state government. Nor does the state government have to reinstate the 40 per cent of funding historically available for infrastructure upgrades—yet another example of do as I say, not as I do.

Supposedly, there are no new or additional costs to the state government resulting from this bill. However—and here is the catch—by capping distributor-retailer water prices, the state government will force councils to increase rates to make up for any shortfall in their water revenue. Additionally, councils will be required to spend approximately \$2.837 billion by 2013 for new water and wastewater infrastructure to comply with a new environmental standard set by the government. It is an understatement to say that this Labor government's water reform has been an incredibly expensive exercise in government waste. This bill has the potential to cripple our water services by preventing the water entities from making any money at all. Setting up the new utilities was estimated at about \$83 million; however, it will cost upwards of \$200 million to dismantle them.

A *Courier-Mail* article on 4 June by Koren Helbig exposed the fact that millions of litres of recycled water from the western corridor recycled scheme are being flushed down the Brisbane River along with millions of taxpayer dollars. It was revealed that an average of 25 million litres a day is wasted, at an approximate daily cost of \$38,000, and that an alarming 40 per cent of the wastewater purified through the scheme since 2007 has been dumped in the Brisbane River. Tell the residents of the Gold Coast that that is good bang for their buck.

We all know about waste in the Currumbin electorate. We have a desal plant that has had more episodes than *Days of our Lives* and now, as many are saying, it has been sent to an early grave in hot standby mode. This billion dollar piece of infrastructure was the result of a panic attack from the Beattie-Bligh Labor governments and their dismal failure to plan for the future needs of Queensland. Now, adding further insult to injury, already fed-up taxpayers are having to foot the bill for these largely redundant facilities, not to mention the overly bureaucratic regimes the Bligh government's water reform imposed on local governments and ratepayers, which is undoubtedly the root cause of this grossly deceiving blame game that will end up with huge financial burdens being placed on local residents.

Before the state's intervention in 2006, the Gold Coast City Council was producing water for residents for just \$160 a megalitre. In 2010 the cost of treated dam water had reached \$300 a megalitre, and it was revealed that the supply produced by the Tugun desalination plant cost \$731 a megalitre. On the Gold Coast this financial year, bulk water charges made up \$1.69 of the \$2.68 per kilolitre charged to households. In 2011-12, this is expected to rise to \$1.90 a kilolitre, a 12.5 per cent increase, and it will increase to \$2.12 a kilolitre in 2012-13, a further 12 per cent increase, excluding inflation and based on the price path published on the Queensland Water Commission website. These rises are to pay off the government's \$7 billion debt for the ill-conceived water grid.

Increasing bulk water charges will continue to crush struggling households, and the government will not be able to shift the blame any longer. Premier' Bligh's announcement in parliament on 7 April was without a doubt a reaction to LNP leader Campbell Newman's announcement on 23 March on water reform in an attempt to play catch-up.

Can-do's policy received enormous public support. Let me share with honourable members Campbell Newman and the LNP's four-point plan for water: amalgamation of the five bulk water entities into one to provide greater efficiencies; to hand back control of water retailing to councils; to write off some of the non-performing water grid assets; and immediately adopt a 40-year price path to repay the state government's \$7 billion water grid debt. Our plan is far more comprehensive than Labor's unfair regime and will save householders more on their water bills. We will get action on the basics and cut the waste.

The Gold Coast City Council is in the process of running focus groups to determine if people want to split from Allconnex. According to media reports, some 500 people will be contacted but the total will come down to 40. This is a very complex issue to be expecting everyday ratepayers to understand. I imagine understanding fully the legal implications of this water divorce are beyond most people without law degrees.

This whole sorry saga was caused by an incompetent Labor government which is now continuing to inflict pain and cost on Queenslanders. Members of the Campbell Newman led LNP team oppose the foisting of higher costs of living on the good people of Queensland, which is what this legislation will do. Labor has made it clear by stating that further legislation will be needed if councils choose to opt out of the current scheme with water distributor-retailers. This government sent us bust in a boom, went on a reckless spending campaign and now will not even face up to the mess it has created. Instead it is trying to pass the buck once again with this unacceptable piece of legislation that, like many before it, will be back for reform in the near future. Under a Campbell Newman LNP government, Queenslanders will power Queensland again, not politics.