

Economic Development and Other Legislation Amendment Bill 2024

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Cost of Living and Economic Committee
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Via email: colec@parliament.qld.gov.au

10 April 2024

Dear Committee

Submission – Economic Development and Other Legislation Amendment Bill 2024

Thank you for the opportunity to provide feedback as the Committee considers the Economic Development and Other Legislation Amendment Bill 2024 (Bill).

Unitywater is the Northern SEQ Distributor Retailer Authority established under the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*. Distributor-Retailers are listed as entities to be subject to the changed directions powers in the operational amendments of the Bill.

We share feedback from our position as the water services provider for a region of more than 5,200 square kms of South East Queensland, comprised of the City of Moreton Bay, Sunshine Coast Council and Noosa Councils. Through our \$3.8 billion of water, wastewater, and recycled water infrastructure we currently serve more than 370,000 customer connections and a population of more than 800,000 people – projected to grow to over 1 million by 2031. We exist for our customers, providing the safe and reliable water services that enable healthy and thriving communities. Effective planning and delivery of our infrastructure is essential to ensuring our services are able to protect public health and the natural environment.

As a key contributor to infrastructure underpinning South East Queensland's growing population, we are also committed to fostering sustainable growth while improving housing supply and affordability, particularly in Priority Development Areas (PDAs). We are developing good links with Economic Development Queensland (EDQ) and have found their team responsive and constructive as we work through considerations for a potential new PDA for Waraba.

We support the need for EDQ's powers to hasten growth through PDAs, and the important task of providing affordable housing supply, but sustainable growth requires sustainable investment in safe and legislatively compliant trunk infrastructure and operations.

While the currently drafted powers aim to accelerate growth and investment in PDAs, they:

- are unclear on how new infrastructure will be required to comply with design and construction codes that ensure public health and safety



- conflict with existing legislated approval processes in place to protect public health and safety and efficient network operations
- create a practice of existing customers cross-subsidising PDA growth areas.

In the spirit of our growing relationship with EDQ, we shared our concerns about the proposed expansion of powers under the Bill. While early consultation with Distributor-Retailers on the Bill was limited, the EDQ team have since taken on board much of our feedback and committed to working with us further during the drafting of the directions.

The table below summarises the feedback we provided to EDQ and where it has been taken on board and highlights those remaining areas that warrant further consideration by the Committee.

#	Matter	Status
1	<p>Conflicts of legislation and intents</p> <p>An amended <i>Economic Development Act</i> (ED Act) that overrides water approval requirements of the <i>South East Queensland Water Distributor Retailers Restructuring Act 2009</i> (DR Act) would mean statutory considerations within DR Act would need to be applied in ED Act.</p> <p>Unitywater Request:</p> <p>Part 8 new provision. A direction given to a DR under this Act must:</p> <ol style="list-style-type: none"> Be technically and commercially feasible having regard to the infrastructure network and future planning assumptions. Not negatively impact upon the delivery of services through the network to existing customers. Not result in a breach of another legal requirement. Not result in a public health or environmental incident Not negatively impact the service levels of existing customers Not add additional cost burden to our existing customers 	<p>EDQ has acknowledged the concerns and is considering the most suitable place to outline the process such as the Economic Development Regulation or a separate guideline.</p> <p>EDQ has committed to working with the Distributor-Retailers during the drafting of the directions process document.</p>



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2	<p>Transfer of land and funds</p> <p>Where the DR delivers infrastructure, it should be made clear that the infrastructure is also transferred to the DR. This is particularly relevant where infrastructure is constructed by a developer but will be maintained by the DR. Under the DR Act, this occurs when the infrastructure is accepted as "on maintenance".</p> <p>Ideally this would be clear in the legislation and specified in the direction to give a clear date for accounting, insurance, and liability purposes.</p> <p>UW Request:</p> <ol style="list-style-type: none"> 1. S.127 (1) add a reference to a DR also being a "directed entity". 2. S.127(1)(c) stated infrastructure developed or acquired in connection with a priority development area. 3. g. S.127(5) after "local government" add the words "or distributor retailer". 	<p>EDQ has made amendments to accommodate point #1 and committed to providing further briefing and discussion on the Bill and implementation details.</p>
3	<p>Treatment of developer delivered assets.</p> <p>For example will they be capable of being converted to trunk infrastructure under the DR Act, which result in a financial liability to the DR. Will offsets and refunds to developers apply?</p> <p>Unitywater Request:</p> <p>We seek to reserve the right to propose additional suggestions upon understanding the proposed structure.</p>	<p>EDQ has committed to providing further briefing and discussion on the Bill and implementation details.</p>

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4	<p>Ability for delegation directly to Unitywater</p> <p>S.169(1)(f) currently only allows MDEQ to delegate functions and powers to a local government. To facilitate the ED Act applying instead of the DR Act, this should be extended to allow Minister EDQ to delegate to a DR.</p> <p>Unitywater Request:</p> <p>Amend s169(1)(f) to add the words “or distributor retailer”.</p> <p>OR</p> <p>Include a requirement to ensure appropriate arrangements are in place to protect Distributor-Retailer interests in a PDA area.</p>	<p>EDQ has suggested the Minister EDQ’s delegation powers cannot be provided to two separate entities in the same PDA as this would be considered a fracturing of these powers, but notes they work to ensure there are appropriate arrangements in place to protect distributor-retailer interests in a PDA area.</p> <p>This matter warrants further consideration by the Committee, to ensure outcomes that:</p> <ul style="list-style-type: none"> • recognise intent of the existing legislation that established the Distributor-Retailers as entities separate to councils • ensure efficient distributed connection approval and fee transaction processes that enable more land to come to market sooner • protect Distributor-Retailer customers from cost-of-living pressures created by higher utility financing costs <p>In action, delegation to a Distributor-Retailer would see approvals move through existing processes using existing technology solutions and investment, with fees paid directly to the Distributor-Retailer to avoid potential delay, dispute and additional transaction, interest and capital costs.</p>
5	<p>Design adequacy and operational sustainability</p> <p>The changes do not allow for design reasonableness to be considered and provide the ability for developers to work in the self-interest of their section of development only. This will result in suboptimal network outcomes both in cost, and future possibility of supply</p>	<p>EDQ has acknowledged the concerns and committed that the directions will have regard to holistic planning requirements within a PDA as captured, for example, through a Development Charges and Offsets Plan.</p> <p>EDQ updated a fact sheet to include this matter in an illustrative example.</p>



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	<p>issues for customers with more breaks on smaller assets over time.</p> <p>Unitywater Request: Require design to be determined by DR</p>	
6	<p>Accepting connections</p> <p><u>Sustainability</u></p> <p>Only 'safety' noted as an assessment criteria before directing acceptance of an asset, with environmental and social considerations not evident, which will create ongoing operational issues for the DR.</p> <p><u>Asset quality</u></p> <p>Current changes strip DR of decision-making role in whether an asset is acceptable for handover. This will result in poor quality assets being delivered and future increased operating costs (and likely earlier replacement), adding cost impost to current and future Unitywater customers.</p> <p><u>Accounting</u></p> <p>No reference to compliance with relevant as constructed drawings and other asset information being supplied within a set timeframe (required for write on of assets).</p> <p><u>Warranty and bond</u></p> <p>No reference to a warranty period or bond requirements to cover issues that arise with developer delivered assets.</p> <p>Unitywater request:</p> <p>Reflect multi-layered assessment of suitability with DR input and reflect potential operational impacts and costs.</p> <p>Specify that the asset owner determines the acceptance criteria and</p>	<p>EDQ has acknowledged the concerns and committed to working with the Distributer-Retailers during the drafting of the directions process document.</p>



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	<p>completes inspection and certification process.</p> <p>Understand and include requirements to ensure timely provision of information as the DR can only accept assets once asset information has been provided and asset can be written onto the asset register.</p> <p>Any direction to accept a non-standard asset should come with additional warranty and bond requirements.</p>	

For further information on Unitywater's feedback, please contact Mike Basterfield, Executive Manager Sustainable Infrastructure Solutions on [REDACTED] or at [REDACTED].

Yours sincerely



Anna Jackson
Chief Executive Officer