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The Research Director  
State Development, Infrastructure and Industry Committee  
Parliament House  
George Street  
Brisbane Qld 4000

Via email to: [sdiic@parliament.qld.gov.au](mailto:sdiic@parliament.qld.gov.au)

Dear Committee Members

**Re: Water Supply Services Legislation Amendment Bill 2014**

The Queensland Water Directorate (*qldwater*) is the central advisory and advocacy body within Queensland's urban water industry. Its members currently include all non-indigenous local government or local government-owned water and sewerage service providers state-wide, 13 of 17 indigenous councils and the Gladstone Area Water Board. Our Water Skills Partnership program also includes SunWater and Seqwater, reflecting the industry's strong desire to take a holistic approach to addressing critical skills needs.

Thank you for the opportunity to provide input into the draft Water Supply Services Legislation Amendment Bill 2014 (the Bill). With its focus on urban water regulatory reform, this piece of legislation is extremely important to our members. This submission provides commentary against each stated objective in the Bill as it impacts those members.

**1. Provide a streamlined process for water and sewerage connection approvals (utility model) for South East Queensland (SEQ) distributor-retailers**

We understand that the proposed provisions will establish a new utility model commencing on 1 July 2014 allowing distribution/ retail entities in SEQ to have direct control of new connections in the development approval process and that the model will be amended before commencement to reflect the outcomes of the current Department of State Development, Infrastructure and Planning "Infrastructure Charging and Planning Reform" Review.

The new utility model was proposed some years ago but the implementation timeframe has not always been clear. Members advise that this uncertainty has made it difficult to undertake normal (or effective) consultation processes. This means that the systems in place (including training, business systems and other resources) might not be as streamlined as they could be for the 1 July commencement. However, members are committed to working to deliver to the legislative requirements in the compressed timeframe.

Members advise that resolution of the State's approach to Infrastructure Charges is crucial. Attempts to implement a utility model without a clear understanding of how changes to infrastructure charges will impact utility revenues (with flow-on impacts to other customers and shareholders) do not aid in the transition.

## 2. Transform the regulation of water and sewerage service providers

Changes to reduce the red tape burden for Water Service Providers are strongly supported by members.

In essence the changes revoke the requirement to prepare (at great cost) a number of statutory plans which were conceived over time in an ad hoc and uncoordinated fashion. The Department of Energy and Water Supply has consulted extensively with our industry in developing a new Key Performance Indicator framework, and we look forward to continuing to work with the Department to improve that framework. The new KPI framework has a focus on outcomes rather than inputs and we have supported its development as much as possible, believing that performance monitoring through transparent reporting is critical to industry sustainability. Similar reporting processes have existed in other jurisdictions, including NSW for some time. While detail around comparative reporting is still to be resolved, the principle of industry benchmarking is strongly supported.

There are some cautions worth recording in relation to the approach.

*qldwater* did not advocate for the complete removal of Strategic Asset Management Plans, System Leakage Management Plans, Drought Management Plans, and Outdoor Water Use Conservation Management Plans, rather promoted the adoption of a streamlined, fit for purpose Water and Sewerage Plan supported by legislation. The concern is that the removal of this mandatory planning under red tape reduction also removes support and expertise the State has historically provided to small and remote councils who need that help. Our industry intends to work collaboratively to provide guidance material to support voluntary planning, however managing these risks is an important social responsibility for all tiers of government.

The removal of Trade Waste Plans (in part addressed in this Bill) under the Environmental Protection (Water) Policy 2009 was undertaken without appropriate industry consultation.

The removal of Total Water Cycle Management Plans under the Environmental Protection (Water) Policy 2009 is generally supported. However as a rushed casualty of green tape reduction, ignoring significant progress made by some SEQ councils and utilities, there is now no legislative framework to support the development of a whole of urban water cycle approach to planning and management. This is an important consideration for the 30 Year Water Sector Strategy.

Drinking Water Quality Management Plans, Customer Service Standards and Netserv Plans must remain in the legislative framework. DWQMPs and service standards in particular apply to all service providers and promote customer engagement, monitoring and continuous improvement in managing drinking water risks. Our members believe that regulatory oversight and consistency is important in maintaining service quality for our customers, and to ensure Queensland strives for best practice in a national and international context.

The draft legislation further proposes penalties where a service provider fails to maintain customer service standards, provide reports and other requested information, or comply with directions. It simplifies a number of existing service standard processes and proposes audit arrangements for reporting. It removes the requirement for service providers to provide residential tenants with data about their water consumption. Penalties are supported in the interests of ensuring quality service to customers, and other proposals will help to reduce costs to customers while ensuring integrity and transparency.

### **3. Reduce the regulatory burden on recycled water providers**

In general, the proposed changes which will see the registration of lower risk recycled water schemes but the removal of the requirement to develop Recycled Water Management Plan for schemes other than those deemed higher risk are welcomed by members. The costs of compliance have historically made the use of recycled water untenable for many otherwise viable schemes.

It is important, however, to recognise the importance recycled water will ultimately have to play in water security in future. While the results of reviews into the future of schemes like the Western Corridor project are yet to be considered by Cabinet, the pressure on water service providers to deliver lowest price to customers is already leading to the abandonment of dual reticulation and other innovative recycling projects around the State. Simplified regulation will assure the future of low risk irrigation schemes (sporting fields, low risk crops and so on) but the importance of correct management of any third-party process must continue to be communicated to the industry. The Queensland Government (along with industry bodies like *qldwater*) have a role to play in ensuring this message is not lost in the haste to reduce red tape. Programs which incentivise scalable, innovative approaches to recycling including indirect potable reuse must be a part of a broader strategic approach to water security planning and will also need input from the State.

### **4. Improve the operation of distribution and retail water businesses in SEQ by removing the requirement to publish draft charges, and increasing the number of councillors allowed on distributor-retailer boards**

We offer no comments on these other provisions impacting SEQ distributor-retailers in isolation as they are generally supported by members.

### **5. Enable authorised persons appointed by a water service provider to install certain water meters, in addition to licensed plumbers**

This proposed change clarifies an existing conflict between plumbing and drainage legislation and the Water Supply (Safety and Reliability) Act. Water Service Providers will have a clear mandate to authorise who can install water meters. It does not apply to services beyond the property boundary (i.e. sub-meters) and does not preclude the use of licensed persons, which is and will remain common in many councils. The clarification will avoid wasting further resources on legal interpretation.

*qldwater* has engaged with various State agencies for many years seeking resolution of this matter. The most recent formal correspondence was in May 2013, in response to a series of claims made by Services Trades Queensland to Minister McArdle. Our correspondence was directly authorised by all 5 SEQ distribution/ retail entities, and the *qldwater* technical reference group which includes representation from approximately 20 other service providers from around the State. We understand that there has been a large amount of subsequent correspondence from unions representing licensed plumbers, to State agencies, Members of Parliament and the media.

The following summarises the key reasons for this important change, and responds to some factual inaccuracies which have been included in some of the abovementioned correspondence:

#### **Safety**

Water Service Providers have an obligation to their customers to provide a safe product. Under the Public Health Act 2005, a penalty of 3,000 units or 2 years imprisonment can be applicable to a drinking water service provider that supplies drinking water that the provider knows, or reasonably ought to know is unsafe.

Regulation aside, building a relationship with customers is crucial for service providers. Responsibility for various parts of the water supply chain differs across the State with distribution and retail controlled discretely by separate statutory authorities/ councils in SEQ while councils outside SEQ can be responsible for some or all of dam management, treatment, reticulation and retail. Water Service Providers own **and maintain** the meter once installed, and it is illogical to suggest that an organisation with responsibility for the majority of the supply chain for its product would risk public health and safety at the point of connection.

### **Coverage**

Queensland is the only jurisdiction in Australia which currently mandates the use of licensed plumbers for meter installation. A small number of individual utilities in other States adopt a policy which specifies that licensed plumbers will install meters.

The existing regulatory requirement applies state-wide, ignoring the significant issue of being able to access licensed plumbers to undertake this work, especially in remote and regional locations.

### **Training**

The idea that licensed plumbers are “more qualified” to install meters is completely inaccurate. The suggestion that utility staff are “unskilled” is offensive. There is no requirement in a plumbing apprenticeship to complete specific training in meter installation, water main tapping or large service installation as part of their apprenticeship. There is specific training available under the nationally recognised water operations training package for meter installation and the industry is committed to growing the uptake of this training package (which includes many specialised functions such as dam management, water and wastewater treatment) across the State through a number of initiatives. Competition for skills in Queensland is significant, and it is critical to build career pathways for all sector employees, including plumbers.

### **Competition**

The concept that this change will reduce competition is similarly ill-informed. Currently meter installation is a protected market and the change will open that market. For utilities, it is fundamentally about choosing people with appropriate skills to install and maintain their assets. Installation is a short task amongst a series of tasks performed by other personnel, and work can stop for a significant amount of time waiting for a plumber to arrive on site to perform it.

Further, all SEQ utilities are closely scrutinised by the Queensland Competition Authority to ensure that they adopt lowest cost to serve principles. Providers outside SEQ are directly responsible to elected representatives in the form of their councils, but also required to observe public sector procurement principles under the Local Government Act.

Finally, plumbers will still be able to install meters, and many *qldwater* members have indicated that this practice will not change where that is prudent and efficient. Plumbers remain valued employees working within the Queensland urban water sector.

### **Strategic direction**

Water Service Providers in Queensland must take a strategic approach to total asset management. The introduction of automatic and “smart” meters is already happening in some regions – these tools are designed to improve utility performance as well as provide data back to customers on their service, including water efficiency. This captures a number of themes expected to be included in the State’s 30 year water sector strategy.

Continuing inefficient practices like this will make it more difficult for utilities to be able to appropriately respond to and support the strategy and importantly, continuously improve services to their customers.

**6. Streamline appeal provisions relating to dam safety matters**

No comments are offered in relation to the proposed changes to failure impact assessment triggers and updated appeal provisions to include reviewal decisions relating to referable dams.

**7. Repeal the Metropolitan Water Supply and Sewerage Act 1909 (Metropolitan Water Act).**

As this matter refers to the removal of now superseded legislation, it is supported.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DCM', written over a horizontal line.

Dave Cameron  
Acting Chief Executive Officer