



Speech by

Mr TIM MULHERIN

MEMBER FOR MACKAY

Hansard 6 September 2000

WATER BILL

Mr MULHERIN (Mackay—ALP) (12.37 p.m.): In speaking to the Water Bill 2000, I would like to focus on the aspects of the maintenance of water service infrastructure and the new arrangements for water boards, in particular the implications for the Pioneer Valley water board and the Eton irrigation scheme in the Mackay district. The provision of water in Queensland is fundamentally an essential service undertaken as a natural monopoly, mostly by State and local governments or water boards. The nature of the industry is such that there is unlikely to ever be much competition in the provision of water to customers. However, there will be greater commercialisation within the industry, and the private sector will participate more and more as years go by.

With this reduction in Government control, there is a greater need to ensure consumers have a reliable supply and acceptable levels of service. The Water Bill establishes a system of regulation which requires service providers, both public and private, to be registered, to maintain their water assets and infrastructure in good condition, and to establish customer service standards. Local governments will be able to set their own service standards, provided these are publicly reported. The Water Bill will ensure that monopoly water providers adopt long-term maintenance programs for assets and have customer service standards in place. The proposal is outcomes focused and does not seek to tell providers how to manage their assets or deal with their customers.

Service providers will set their own standards appropriate for their infrastructure. They will also draw up service levels agreed with their customers. Providers will need a plan, such as a total management plan, to demonstrate how they will achieve those maintenance standards. This will cover such things as service levels, interruptions to supply, pressure/flow conditions, etc. They will report annually to the regulator and will need their plans audited by an independent engineer, probably every three years.

The provider will develop standards for customers outlining such things as the type of service to be delivered, the billing structure and procedure for complaints. Operators of hazardous dams or dams with flood mitigation purposes will continue to comply with dam safety conditions. The Government will streamline the reporting processes and will ensure that the new regulations do not financially burden service providers with limited resources. To allow service providers time to comply with the new arrangements, the Bill outlines a staged process for implementing the changes. The Bill provides exemptions for smaller service providers with less than 1,000 connections or an irrigation supplier with up to 100 users but less than a 20,000 megalitre annual throughput.

I now turn my attention to the new arrangements for water boards. This Bill sets out a more consistent way of establishing and operating public sector water authorities, commonly known as water boards. The methods of accountability and governance arrangements will be simplified and will be more appropriate for all water authorities. Boards will fall into two categories—Category 1 and Category 2—depending on their size and status. Their accountability requirements will match their category. Board members will have clear roles and responsibilities.

Category 1 boards will negotiate a performance plan directly with the Minister for Natural Resources. All boards will have greater flexibility in appointing board members. The powers of the Minister in relation to water boards will be clearly identified and administrative procedures will be streamlined. The Bill also resolves the confused accountabilities of board members as to whether they

act in the interests of the board or those who elected them, the lack of clarity regarding the responsibilities of board staff and the CEO, cumbersome and inefficient establishment processes and conflicts of interest for DNR staff sitting on boards.

This Bill has implications for all water boards, in particular the Pioneer Valley Water Board and the Eton irrigators scheme. The Pioneer Valley Water Board was formed in 1996 to construct and operate the irrigation reticulation works as part of the Teemburra Dam project. Funding was provided by Mackay Sugar and loans raised by the board. The board comprises five members, three of whom are elected from the 300 properties served in the area. The two other members are appointed by the Governor in Council on nomination from Mackay Sugar and the Department of Natural Resources. The current board members are Mr Andrew Capello, the chair; Mrs Annette Werner, the deputy chair; and Mr Terry Neilsen, all of whom are elected by the 300 property owners. It also consists of Mr Eddie Westcott, the deputy chair of Mackay Sugar, and Mr Ed Donohue from the Department of Natural Resources. The board supplies water solely for irrigation of sugarcane and holds a bulk allocation at present of 46,414 megalitres per annum.

During public consultation on this Bill, public meetings were held in the Pioneer Valley to discuss the implications of the Bill. In addition to the public forums, there have been a number of other meetings with representatives of the Pioneer Valley Water Board and the reform unit, including a meeting with the Minister for Natural Resources at the Proserpine Community Cabinet meeting to discuss particular issues of concern in relation to the Bill. Central to these concerns has been what the Bill means to the financial viability of the irrigation scheme, its board and ratepayers.

Until recently, the board was uncertain as to its position under the new legislation where all individual land-holders would have an allocation listed in a water entitlement register controlled by the Department of Natural Resources. The board's position was, and still is, that the board should hold bulk allocation in the water entitlements register. I am pleased that the Bill's transitional provisions expressly preserve the status quo of the board holding bulk allocations in the water entitlement register until implementation of the Pioneer Valley WAMP is completed, and I will comment on the implementation of the Pioneer Valley WAMP later.

As part of the transitional provisions, State Water Projects, which will now be known as SunWater—I must say that I am also pleased that the Government has appointed the Mayor of Mackay City Council, Councillor Julie Boyd, to the SunWater board—will receive an authority for its operations on the Pioneer River. That authority will include a requirement to maintain existing supply arrangements with the Pioneer Valley Water Board. Licences and other entitlements for water managed directly by SunWater, that is, Mackay city and Eton irrigation area customers, will be spread into interim water allocation and supply contracts. Licences held by the customers of the Pioneer Valley Water Board stipulate that the water is managed by the Pioneer Valley Water Board. Accordingly, these licences will be unaffected by the Bill.

As I said earlier, the Pioneer Valley Water Board has expressed a concern about the resource operator planning process under the WAMP. The WAMP for the Pioneer and the development of the implementation plan will provide the basis for the trading of water allocations. The Water Bill outlines detailed statutory requirements for consultation in developing the implementation plans through notices, submissions and publicly available draft plans. The Pioneer Valley Water Board believes that it has developed an effective water allocation management policy within the Pioneer Valley water supply area. This policy allows trade of allocation within its area. However, the board has set rules to preserve the viability of each section of the irrigation infrastructure. The board believes that this approach is an identical approach to that suggested in the Bill and it contends that its present arrangements should translate through the entire WAMP process, including the resource operation plan and issue of resource operation licence for the board.

The board has a current loan from the Queensland Treasury Corporation of \$7m which is funded by water charges on ratepayers. It will be 16 years before the loan is finalised. The remaining loan period for the board extends past the ten-year term proposed for the WAMP. The board is seeking assurance that its water entitlements are preserved for the loan period. The board's principal concern with the WAMP is that the hydrological model studies show significant differences from the studies leading to the approval of the Teemburra Dam project. The board has raised these model discrepancies through the WAMP process. However, its concerns remain that these issues will not be fully addressed prior to release of the draft WAMP. The financial viability of the board is based on bulk water allocation and supply reliability agreements agreed by all parties on approval of the Teemburra Dam project. The WAMP could affect this viability.

With respect to the Eton irrigation scheme and based on the past five years, the Eton irrigation area in the Mackay region services the irrigation needs of 230 canegrowers who use an annual average of between 23,000 and 25,000 megalitres at a current price of \$41 a megalitre. Water is channelled from the Kinchant Dam in the Eton area. The dam was built in the 1970s. In December 1997, an interim local management committee was established comprising Mr Dino Vezzoli, the chair; Mr

Colin Dunn, the deputy chair; Mr Tom Deguara; Mr Paul Vassallo; Mr John Muscat and Mr Tony McMahon, all of them canegrowers. It also comprised Mr Graham Smith from Mackay Sugar and a DNR representative. During public consultation, the committee met with the Water Reform Unit and expressed its concerns in relation to the Bill. I also understand that it met with the Honourable Minister at the Proserpine Community Cabinet meeting.

The major concern of the Eton irrigators is that, if usage remains at the current level based on the year 2000 of 24,893 megalitres, irrigators will face an \$80 megalitre cost by the year 2004-05. Their concern is that that will not be affordable, because incomes from sugarcane production will not provide sufficient profits to sustain the projected charges on current levels of usage. I think that everyone in this House knows the current state of the sugar industry. The interim committee has not been able to obtain a detailed breakdown of costs, including DNR's corporate costs, from the Water Reform Unit to consider the financial details of the scheme.

If irrigation charges increase significantly, irrigators will be forced to reduce their demand for irrigation and thus affect the viability of the scheme. The irrigators would like to establish a working party comprising DNR, the irrigators and, no doubt, Mackay Sugar to investigate the establishment of a management plan which is cost efficient and which will deliver affordable irrigation whilst maintaining the infrastructure in a responsible manner. Eton irrigators have had discussions with the local management of the adjoining Pioneer Valley Water Board, whose operational costs and overheads are much lower than those of DNR. The discussions have focused on developing a management plan to ensure the viability of the scheme. What they would like to do is opt out of SunWater and become part of a locally managed scheme. They believe that that will enable the growers to achieve benefits whilst still delivering water in an affordable manner. I would like the Minister to respond to the issues I have raised on behalf of the Pioneer Valley Water Board and the irrigation scheme irrigators.

I congratulate the Minister and his staff on the consultation process. It has been a difficult and no doubt very emotional process for a lot of people. However, I think most people would agree that the old laws are outdated and need to be changed. This Bill recognises that water is our most valuable natural resource. For the long-term economic prosperity of the State, the community has demanded that a water management system be implemented that will ensure that this valuable resource will be available for future generations.
