



Speech by

Hon. Henry Palaszczuk

MEMBER FOR INALA

Hansard Tuesday, 25 October 2005

WATER AMENDMENT BILL

Second Reading

Hon. H PALASZCZUK (Inala—ALP) (Minister for Natural Resources and Mines) (12.43 pm): I move—

That the bill be now read a second time.

A combination of Queensland's extreme rainfall variability, predicted climate changes and rapid population growth is putting pressure on our water resources. It also poses many water resource management challenges. The Water Act 2000 sets out a framework for the sustainable management and allocation of the state's water resources, principally through a comprehensive water planning framework, including the release of water resource plans.

Further, the Water Act regulates water service providers. Water service providers need to prepare strategic asset management plans that detail specific infrastructure and capital works requirements. In order to manage the risk of drought a service provider is required from 1 October 2005 to submit a drought management plan as well as a system leakage management plan to minimise leakage from distribution systems.

Regional water supply strategies are currently being developed in south-east Queensland, central Queensland, Cairns, Atherton Tablelands and the far north. Two more strategies are being planned for the Mackay-Whitsunday and the Wide Bay-Burnett areas. These plans complement the wider catchment plans, the water resource plans, and identify specific infrastructure to deliver future water supplies.

However, despite this comprehensive planning for future water needs, population pressures, high water consumption and demand and climate variability may still threaten the state's or a region's water supply security. For example, the current drought and longer term regional water needs currently being faced in south-east Queensland raise immediate and longer term issues on continuing security of water supply. South-east Queensland is currently experiencing its second-worst drought on record. This in particular highlights the need for the state to take a lead role in protecting the security of the water supply.

Whilst responsibility and accountability for managing available water supplies is spread amongst service providers and water storage owners there is a need in extreme circumstances for the state to be involved in solving water supply shortages and to ensure continuity of supply for essential water supply needs. In support of other measures currently being taken by the state, particularly in relation to south-east Queensland, there is still a need to allow the state the power to give necessary directions to service providers in times of extended severe drought and other water supply emergency situations. A water supply emergency is a situation where there is a demonstrable serious risk that the state's or a part of the state's essential water supply needs will not be met. Essential water supply refers to that being provided for three purposes: domestic, essential services, including power generation, and significant mineral and petroleum related industries specifically in the Calliope and Gladstone areas. The continued water supply to households for domestic services must naturally be ensured and essential services, including power generation, and for the significant mineral and petroleum related industries in the Calliope and Gladstone

areas clearly demand a higher priority for continued supply given the economic and social impact should there be a failure of supply.

A water supply emergency could arise in a number of situations: for example, where a region is experiencing a severe extended drought; the failure of major water infrastructure; or contamination of water storage supplying essential water needs.

I seek leave to incorporate the remainder of my second reading speech in *Hansard*.

Leave granted.

This emergency power will be a necessary last resort measure to deal specifically with a water supply emergency. The existing measures already in place will mean this power should not need to be used often. In addition, the encumbrance rests with me to consider, before exercising these emergency powers, whether other measures may be taken as an alternative under other legislation—including the Water Act—to deal with the situation. Furthermore, I will consult with the Premier and Treasurer as part of the process when considering these emergency powers.

It must be recognised, though, that due to climate change and extreme seasonal variability, and despite, for example, having in place drought contingency measures, a water supply emergency can still arise that needs an immediate response.

The amendments to the Water Act provide a framework and mechanism for implementing State directions given to service providers in response to a water supply emergency situation impacting on the security of water supply. Where a water supply emergency exists or one is developing, I may then prepare a water supply emergency declaration where short-term action is required. Otherwise, if longer-term action is required, a water supply emergency regulation must be made.

When the water supply emergency ends, a regulation must be made to acknowledge the emergency has ended. However, a directed service provider may still, if necessary, complete unfinished works or outcomes under the water supply emergency framework. This would be in cases where obviously the benefits of completing the works or achieving the outcomes outweigh the implications of not completing.

Under a water supply emergency declaration or regulation, specified service providers will be directed to undertake certain measures or achieve certain outcomes to deal effectively with the situation.

Examples of measures a service provider may be required to undertake include: making water available to certain entities; imposing a water restriction regime; making changes to operating water infrastructure to improve efficiencies; and constructing works for improving supply of water.

Examples of outcomes a service provider may be required to achieve include, for example, a 20 per cent reduction in water use over a period of time, or taking action to increase water available for supply by 10 per cent over a period of time.

If a service provider is directed to take some action, the provider will be able to recover from its customers its costs of complying with the declaration requirements, including a rate of return. The Bill makes special provision to the effect that the Queensland Competition Authority will be unable to prevent a service provider from doing this. However, I would have had to approve any such costs in the first instance. Although this appears contrary to a requirement for urban water supply to be delivered on a commercial basis, it is justifiable in the circumstances of ensuring continuing supply of water.

To ensure that the declaration requirements are carried out by the nominated service provider, the amendments make a link with the State Development and Public Works Organisation Act 1971 and the powers of the Coordinator-General under that Act. This will essentially allow the Coordinator-General to facilitate the undertaking of the directed works where necessary. For example, a private water service provider could require the assistance of the Coordinator-General to compulsorily acquire land for works the water supply emergency declaration obliges the service provider to complete.

In recognition that there may be an impact on third parties as a consequence of a service provider complying with a direction, the Bill includes a framework for my consideration, on a case-by-case basis, of any claims for compensation. However, compensation is specifically excluded in some instances, for example, there is no compensation in relation to water restrictions.

The Bill also includes measures to assist local governments and other service providers in dealing with drought related issues.

The Bill provides for a number of measures to support actions proposed to be taken by SEQWater to deal with the current drought in south-east Queensland. SEQWater is currently developing a drought management plan that will also apply to a number of water users, who, historically, are authorised to be supplied water—free of charge—without needing a supply contract with SEQWater. The amendments establish a means to allow SEQWater to install water meters for this group of water users. This will facilitate SEQWater's monitoring of all water used from its supply, in particular in times of severe water shortage.

In times of drought, it is imperative that a service provider is able to impose appropriate water restrictions and also to enforce compliance with water restrictions. The power to impose water restrictions is being increased to allow service providers to restrict the volume of water taken by customers.

The Bill also addresses the issue of a householder's use of water from rainwater tanks that are connected to the reticulated supply. Rainwater tanks that are connected to the reticulated supply use combined rainwater and reticulated supply for domestic purposes, and to water gardens. Although the reticulated water connection is metered, there is no practical means to measure what is actually taken from the tank.

Presently there are over 5,000 homes in south-east Queensland with rainwater tanks connected to reticulated supply. This number will greatly increase when local governments are given the power to mandate rainwater tanks for new buildings. The practicalities of a local government enforcing water restrictions over the use of water from these connected rainwater tanks is difficult.

However, it is recognised that average use from a rainwater tank will invariably include reticulated water. A proposed amendment ensures that a service provider's power to impose water restrictions will extend to the use of water taken from a rainwater tank connected to reticulated supply. I want to stress this does not apply to rainwater tanks that are not connected to reticulated supply.

In preparation for the introduction of new water charges, the Bill ensures a water service provider may pass on the new statutory charge to its customers. These amendments address concerns raised by some service providers that they may be constrained from passing on the new charge by the terms of their existing supply contracts.

A matter presently before the Supreme Court raises issues about the validity of a rural water pricing direction notice given by the Treasurer and the previous Minister for Natural Resources and Mines to SunWater. When SunWater was established, new prices for the supply of water by SunWater were set by the giving to SunWater of joint directions under a power of the Water Act. The potential implication of a court finding the joint direction invalid would put at risk the entire framework that underpins the water pricing for irrigation water throughout Queensland.

This Bill clarifies the intent of the legislation by providing that these rural water pricing direction notices are valid. Through these amendments, this Bill further strengthens the Water Act and its vital role in managing the State's water resources. I commend the Bill to the House.

Debate, on motion of Mr Messenger, adjourned.