



Speech by

Fiona Simpson

MEMBER FOR MAROOCHYDORE

Hansard Tuesday, 30 October 2007

MOTION: WATER ASSETS

Miss SIMPSON (Maroochydore—NPA) (Deputy Leader of the Opposition) (5.46 pm): I move the following amendment—

That all words after “That this House:” be deleted and the following inserted—

1. Recognises the responsibility of the State Government to secure sustainable and secure water supplies for all of Queensland;
2. Condemns the failure of successive Labor Governments to build timely water infrastructure, particularly in South East Queensland where no new water infrastructure was constructed in a decade despite record State growth and revenues;
3. Supports new sustainable water infrastructure in South East Queensland to improve water security;
4. Notes the State Government’s proposed takeover of council owned water assets does not deliver any extra water to South East Queensland;
5. Calls for the State Government to guarantee councils and ratepayers will not be financially disadvantaged by the State’s takeover of their assets; and
6. Agrees that fair and reasonable compensation should be paid to south east Queensland councils for the transfer of water assets to the State ownership, recognising that the Tax Equivalent Regime status of the distributors should be preserved.

We need a secure water supply in south-east Queensland and throughout other communities in Queensland. However, we also need sustainable local governments. The state Labor government has blundered badly. In its ham-fisted way it has tried to take over councils’ water assets. Not one extra drop of water will be created by this water asset takeover. It is the mother of all diversions from the real issue—that is, the state government’s responsibility to plan and build timely bulk water supplies in partnership with local government.

The way this incompetent government is proposing to reform water management and ownership structures if proper compensation is not paid to local governments runs the real risk of financially ruining south-east Queensland councils and costing ratepayers more. Councils do rely in many cases on water profits to fund other local services. I have heard the state Labor government ridicule this process. I wonder how much it takes from electricity dividends in this state. I do not think the state government is handing all of the electricity profits back to the electricity grid. We know it is not. In fact, it is a practice of state government to take the profits from electricity and put it into not only electricity assets but state revenue. So I think we have a case of hypocrisy from the state Labor government, and it has a very short memory in this regard.

Without water revenue, services from local government will either be cut or rates will go up. If that is what the state government wants to see, it should be transparent about this cost-shifting exercise rather than denying the impact of a poorly planned and costed takeover of council water assets. It must be clearly understood that if south-east Queensland taps run dry in the next 12 months it will not be due to the management structure of water in south-east Queensland. It will be due to the state Labor government’s inaction, particularly when it was warned in 2001 by its own department of national resources that there was a looming water shortage in south-east Queensland.

This was six years before the current drought’s most biting impact. Water is set to go up in cost. Some industry experts predict that it could go up two to three times in the next few years—probably after the next election. Isn’t that convenient? The primary cost driver will be the bloated cost of building last-

minute water infrastructure, with teams working 24 hours a day, six days a week in a desperate bid to hook up a water grid to new and existing facilities. That does not come cheaply; it comes at a premium which generations of Queenslanders will have to pay for for decades to come. They will have to pay for the incompetence of this government.

I support sensible reform of the water management system, but I do not support unfair, forced change with a 'take-it or leave-it' approach to compensation. The state government must negotiate fairly rather than threaten with its legislative might to bully people and ridicule their genuine concerns about this issue. The state Labor government says that the new ownership structure is necessary for future water management. We say it is also necessary to have fair compensation for assets and foregone revenue.

The state National-Liberal coalition has included in its amendment the need for the preservation of the tax equivalent regime status of the distributors. Councils or council owned entities under the proposals will still be responsible for retail and distribution which means that these tax equivalents are vitally important to their financial bottom line. The government's currently proposed \$1 billion to \$2 billion compensation is causing justifiable alarm to south-east Queensland mayors. That figure came from Premier Beattie himself when he announced this grand plan. Are we to believe that when he said he was taking over water assets the Premier of this state had no idea and had not done the work on what he was prepared to pay? Let the state government release its documents on how it has come to this estimate.

I asked in question time where the government had come up with this \$2 billion figure and, of course, the Premier failed to answer that. She ridicules other people and their cost estimates in regard to fair compensation, but she cannot tell this parliament how she and her predecessor came up with a figure that has been on the table so far in public discussion. The government has been asked to explain this \$2 billion compensation figure. It was rather enlightening to see Treasurer Andrew Fraser come into parliament this morning and misquote his own government's report. Who can trust this government to give fair compensation when the Treasurer does not even know which water assets his government has promised to pay for in the takeover of council assets?

Treasurer Fraser is in charge of ensuring that the state's seizure of water assets from councils does not wreck them or leave them financially disadvantaged. However, today it was clear that he does not want to compensate councils for the billions of dollars in other water and waste water assets which Premier Beattie claimed were on the takeover list. On 24 May in parliament then Premier Beattie said that the state government would assume management of the dams, weirs, bulk water pipes and treatment plants. He went on to say that there would be full and fair compensation to councils 'in the vicinity of \$1 billion to \$2 billion'. Treasurer Fraser seized on the figure valuing water assets in south-east Queensland at \$2.3 billion in a government-commissioned PricewaterhouseCoopers report. However, this figure did not include many of the waste water treatment facilities. I tabled that report this morning because, contrary to Peter Beattie's claim on 24 May that he would table it, it had not been tabled. He had tabled only a small section, the executive summary, which was within another report.

Like the previous Premier, Treasurer Fraser has only told half the story. He has neglected to mention that waste water and treatment assets in the same report were valued at \$5.2 billion. Even if the state government does not take over all waste water assets, councils have valid concerns that this incompetent state government is trying to short-change ratepayers by failing to compensate for lost revenue and to cost-shift back to ratepayers. If that is the intention of the state government it is time that it was transparent about that.

Mr Fraser has also failed to factor in the need for fair compensation for foregone revenue as previously promised by Ms Bligh. Local governments have raised concerns. Brisbane City Council estimates are that the revenue stream for water could be about \$100 million. On the Gold Coast the loss of that water revenue stream could put rates up by over \$300 a year. If the state government's response is that it cannot reveal how it ever came up with the \$1 billion to \$2 billion compensation figure that was tabled when Premier Beattie raised this issue, it has no right to go out and ridicule the genuine concerns of local government.

We must have secure water for Queensland, but we must also have sustainable and secure local governments. It is somewhat ironic that the Labor government is forcing through council amalgamations and says that it is doing it on the basis of economic sustainability but when a very genuine issue about the economic sustainability of local governments—which are at the forefront of delivering community services—is raised it does not want to listen. This is a government that must be brought to account for the mistruths it has told in this parliament and for the genuine concerns about the impact that this will have upon the Queenslanders and ratepayers who will be paying the cost of its blunder.