



Speech by

Howard Hobbs

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WATER AND OTHER LEGISLATION AMENDMENT BILL AND SOUTH EAST QUEENSLAND WATER (RESTRUCTURING) BILL

Mr HOBBS (Warrego—NPA) (3.56 pm): Today I want to run through a little bit of history in relation to this matter. I am pleased to speak to the South East Queensland Water (Restructuring) Bill and also the Water and Other Legislation Amendment Bill. Right from the very beginning, when the previous Premier indicated to this House that he was looking at council water supplies, it was quite evident that something was going to happen in relation to the takeover of water assets in south-east Queensland. I refer members to *the Hansard* of 13 March, when the Premier said—

However, for too long councils have been making a motza from those water assets and have failed to fully invest it back into water infrastructure to meet increased demand ... Ratepayers need to know that many mayors have neglected vital infrastructure while spending profits from their water businesses on other projects. That is a fact. They have mismanaged water supplies for south-east Queensland. That is why my government is prepared to take full responsibility for water.

I knew those statements were not true. The former Premier then announced an asset audit of the water industry in south-east Queensland and he asked Darryl Somerville to do that audit. There was a KPMG report into what local governments were in fact spending and what they received in relation to the south-east Queensland water assets. The report clearly showed that over that short period the councils received \$82 million in dividends. I think that was the average per year that all of those councils received. That was exactly in line with the NCP principles that were put in place by which the government took over this whole structure. A return of about six per cent was what the rule was. So the councils were doing exactly what they were supposed to do within the time frame that they were supposed to do it.

However, the previous Premier kept on talking about the fact that councils were taking \$1.3 billion worth of profits, that they were making this motza out of the water assets. Quite clearly that was untrue. I referred the previous Premier to the privileges committee. However, that did not go anywhere. So what happened at the end of the day? The KPMG report clearly showed that the councils were not receiving all of that money in dividends. Obviously they were making profits, but that money was going back into water infrastructure and they were only taking the legitimate amount of money that they were allowed to take and that money was then structured into all of their budgets. Quite clearly, the whole takeover was based on a lie. Therefore, we had to work out where the government was going and why it was heading down this particular track.

The other thing that the Premier at the time said was that the cost of all the water infrastructure they were building—the pipeline, the water grid and so on—would be \$7 billion to \$8 billion. Because of the huge debt that the government has, it had to find some way to pay for that. It is quite clear what the plan is. The plan is that it would take over the water infrastructure and then franchise it or in some manner or form dispose of this asset it was taking from the councils to try to return some of that money. That is quite clearly the game plan.

That was where we were up to until a further report was released. I believe it was the Somerville report, and there was another report done as well, which showed that councils were only making that official amount from water infrastructure and the motza of money that the Premier was talking about at the time was not correct. We were told that the state government really owned most of that water infrastructure

anyway. The Premier at the time informed the House that from July 1988 to March 2007 the projects which the government has helped subsidise totalled \$279 million. So the government made a contribution towards the infrastructure that was put in place in south-east Queensland. Of course it did. That is part of the legitimate process of government. Councils apply for funding to put water infrastructure in place, and the government has a scheme in place and that infrastructure is put in place. But those assets then belong to the councils. It is a bit rich for the government to come back and say, 'We own that.' It did not plan it and it did not build it. All it did was play its legitimate role as a government to assist in that process. That is what government is there for, not to try to recoup money.

If councils lose the revenue that they legitimately receive from these water assets, they have to find the money somewhere else. There is going to be increased water charges. They have told me that some of those rates will have to increase by \$300 per household to recoup the difference. We are told that councils will be able to have a retail outlet, but we do not know exactly what the particular deal is at this stage. The biggest fight at the present moment is over the value of the assets. Quite clearly, the government wants to get hold of those assets as cheaply as it can, because when it flogs them off it will want to make as much as it can because of the huge debt that it has. This state government is \$53 billion in debt. Queensland has never ever had such debt levels before.

We heard the Premier this morning talking about the fact that this is a great time to borrow. How come it is such a great time to borrow if the federal government is in fact paying back debt? This is a time when the government should be paying back its debt. It should have built these assets before now. I think the government has things back to front.

We clearly have a serious looming problem. We are going to find that councils will be short. The government is going to come in and take over these assets. We need to have some mechanism in place to ensure that fair value is given back to those councils who legitimately built these water assets. The government wants to pay between \$1 billion and \$2 billion for the water assets. Councils have had some valuations and some assessments done and they have come back between \$5 billion and \$6 billion. Quite clearly, there is a vast difference between those two numbers. It is therefore only reasonable that we have an independent process in place which can determine what the figure should be.

Premier Bligh has been trying to avoid that process. I know that she has been saying things such as 'Bring it on', but the reality is that those are the figures and an independent process will determine that it will be pretty close to that. The government will have to pay a lot more if it wants to take over those assets. If it does not pay more, then it is absolute daylight robbery.

I noticed from the explanatory notes that the bill will amend the QSuper act. I must admit that I have not read it closely, but I hope the government does not have any plans down the track to flog off some of this stuff to the QSuper people in some manner or form. But I guess that will be sorted out in some course.

With regard to the estimated cost to the government of implementation, it basically says that funding for two years has been approved in relation to the implementation of the project. The costs of this will be enormous in the end. Will it improve the water supply? I do not honestly think it will. I understand that before that there was a fairly cumbersome process of ownership, but the water ran and the water got there. While the government is building a water grid—and we support that process—and it will probably help interconnect the water running around the countryside, at the end of the day the system was not so bad that people were not getting water. The fact was that water supplies had not been built.

This afternoon we heard the member for Algester talk about the Wolffdene Dam. The government cannot seem to manage the facts at all. The reality about the Wolffdene Dam was that the majority of the land was built for that site.

Mr Hopper: It would be 60 per cent full.

Mr HOBBS: That is right. That dam is about the same size as Wivenhoe. Wivenhoe had 1.2 million megalitres. The Wolffdene Dam is only about 300 metres from hill to hill.

Mr HORAN: It is deep.

Mr HOBBS: And it is deep. It is about two or three times deeper than Wivenhoe. You would have a magnificent supply. It is only about 10 or 15 kilometres from the beach, so it gets much more regular rainfall anyway. The water comes up to a freshwater tidal area, so it is as close as you can get. It is a magnificent site. What the Premier was talking about this morning simply was not true. She was making some accusations about, and trying to divert attention to, the Liberal Party. The Liberal Party was not even in government at the time. It was on the crossbenches. The National Party was in government, and it had bought the land and it was going to build Wolffdene Dam. What happened was this: the 1974 floods came along and they decided to build Wivenhoe as flood mitigation to try to save Brisbane from any future flooding and then go back and build Wolffdene. That is why it was not built then. It would have been built if the floods had not occurred, more than likely. So that is the reason it was not built then. It should have been built later. It was totally irresponsible of the Premier to make those comments.

The Leader of the Opposition was quite correct this morning in saying that Kevin Rudd is up to his neck in this process. He was the person behind all of this as well, and those opposite cannot escape that.

They are the simple facts of the matter. The dam would have been built. Those opposite sold the land of the only decent dam site in south-east Queensland. How smart is that, for Heaven's sake! So do not come in here and keep talking about the fact that it would not have been built or somebody else was opposed to it. The reality was that the government of the day had the land, it had the site earmarked and it was ready to go and those opposite stopped it. That dam site is very close to the Hinze Dam, and we know what happens to that dam. It got filled up this year. This dam, had it been built, would have been probably 60 per cent full now.

The government cannot have it every which way. The Wolffdene Dam would have been built in an area that was not a particularly productive valley. It would have been a wonderful site for a dam, unlike the Traveston Dam where the government is going to flood with about three feet of water some of the best farming country in the whole of Queensland. It is going to render the whole lot useless. That defies logic. We must also consider the cost. It is likely to cost in excess of \$3 billion to build the Traveston Dam.

I turn now to consultation. The government always talks about consultation. It says, 'We have been talking to everybody and everyone is in favour.' The reality is that, once again, there has been no consultation on this legislation. It was put straight on the table. The government just announced its intention and then it went out to negotiate with local government after that. There was no thought given to the whole process. Obviously, it is planned for the government to take over the assets, to sell the assets or franchise them off in some manner or form—or part of them. We understand that. However, the government needs to put in place a process which ensures that a fair valuation is given to the ratepayers and the councils who, in fact, did build all of that water infrastructure.

I turn now to some other issues relating to the bill that we are debating cognately today with the South East Queensland Water (Restructuring) Bill, and I see the shadow minister is back. I wish him well with his speech. He has had a bit of an operation on his mouth. I hope he can get through it okay. I am sure he will. I wish him the best of luck. There are a few things in this bill that are quite good and probably timely. There are some other issues that are of concern. One of them is in relation to the takeover of the control of bores. I look at it this way: if for instance a person wants to try to plan ahead, be independent and not draw on government sources and not put their hand out all the time looking for help and they go out and put a bore down in their own yard to try to help themselves, we should not go out and take it over when things get tough. We need to have a mechanism in place whereby we recognise the important decision they made. It may or may not have been costly. Some of those bores might be fairly shallow but to them it might seem a significant amount of money, or it might have cost them \$30,000, \$40,000 or \$50,000 to put the bore down. If they spend that sort of money and then suddenly find that they cannot use it, there needs to be a mechanism whereby we can pay them compensation or pay them for the use of that water or some other mechanism. We should not just take it over.

Those sorts of people are actually doing a wonderful service for Queensland by using their own initiative in going out there and doing these things. Under the present Water Act there is the ability for the government in an emergency to go in and take some sort of control. That is all we need. We do not need to enshrine further actions in this bill that will allow further dictating of people's rights. This is the problem we have with a lot of this sort of thing. The different philosophies between the Labor Party and the conservative parties meant that we probably have a bit more respect for people's rights and abilities to go out and have some ownership. I think those people deserve some genuine recognition of the work that they have done and the contribution they are making by placing a lesser burden on their council, community and so forth in doing their own thing. We need to ensure that we provide a better mechanism. I do not believe we should be going down this path with this particular bill.

Some of the other parts of the bill are welcomed, particularly in relation to the trials for sewage water, changes to greywater usage and so forth. Obviously we have to try to do better with that. Water supplies are very important and we need to make sure that we can get the best use from our water supplies.