



Speech by

John-Paul Langbroek

MEMBER FOR SURFERS PARADISE

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

Mr LANGBROEK (Surfers Paradise—Lib) (8.35 pm): It is my pleasure to rise to speak to the South East Queensland Water (Restructuring) Bill 2007 and the Water and Other Legislation Amendment Bill 2007. With your indulgence, Mr Deputy Speaker, I welcome some guests to the gallery who have interrupted their dinner to come in and listen: Bruce and Joanne Grady, Duncan and Karen McInnes, and Steve Soloman and Paula James. I note the member for Robina's guests have come in, too: Michael and Alice Blewman and Murray and Kath D'Almeida. Hopefully our dinners will not be too cold by the time we get back to them.

In 1746 Benjamin Franklin said, 'When the well's dry, we know the worth of water.' So it is that in the 21st century Franklin's words resonate with Queenslanders and, indeed, all Australians as we grapple with the worst drought on record. By virtue of this destructive, dispiriting drought, water has become one of our most precious resources. We are encouraged to watch every drop and collectively crack down on water wastage. Over the past few years we have seen the necessary introduction of water restrictions. We all acknowledge their necessity. What began as a limitation on hosing on certain days has gradually stepped up to a ban on watering gardens and washing cars and houses and has led to an increased consciousness about water usage by households. Those of us with children are very aware of their increasing awareness of environmental concerns and also water usage itself.

To their credit, Queenslanders, particularly in the south-east, have stepped up to the water conservation challenge. Members here today have mentioned how people have been able to cut back their water usage admirably. Today we do use less water than we ever have. We applaud stories of water savings; we are appalled by the very small minority who flout strict new water laws. As children born into the water-rich environment of the sixties and seventies—I remember growing up on the Gold Coast—we have all had to learn a new respect for water. In Queensland in 2007, like Franklin prophesied, we have learnt the worth of water.

Unfortunately, it seems that Premier Anna Bligh and her government do not know the worth of water. If the Premier knew the value of water, south-east Queenslanders would not have a great cloud hanging over their heads threatening massive spikes in water rates as a result of bad management and planning by the Labor state government. I refer to an editorial from the *Gold Coast Bulletin* of 7 November which states—

What government failed to build the Wolffdene Dam? What government failed to follow the lead of the Gold Coast City Council in water conservation five or six years ago? What government failed to consult the city about the seizure of its water assets and failed to properly calculate their value while speculating that south-east Queensland councils will only get a third of what they expect? It was the Queensland Labor government.

One of the bills before the House, the South East Queensland Water (Restructuring) Bill 2007, supports the establishment of a south-east water grid which, when completed, will provide water to towns and cities in Queensland's population hub. In a practical sense, however, it facilitates the great water asset

swindle, an attempt by this Labor state government to seize control over lucrative council water assets with nominal compensation to councils which rely on this revenue to keep our towns and cities operating.

Much has been said about the great water asset swindle, much of which has been replayed here today in state parliament. This is just because Queenslanders want a fair go. It is an ideal that we have heard a lot about from all sides of politics in the current election climate but particularly from federal Labor. Kevin Rudd has been traipsing around the country, warning Australians that the federal coalition government wants to throw the fair go out the back door. We have only to look again at the *Courier-Mail* editorial that said in terms of a fair go that the state should not just pay what it feels is the right price; there should at the very least be an effort to come up with a valuation that represents a fair price for both councils and the state. The editorial from the *Gold Coast Bulletin* of 7 November said—

Let's clear the air, once and for all. Mayor Clarke is calling for an independent accounting-tax expert to assess the issue of compensation.

What could be fairer than that?

So that is endorsing the concept of a fair go. Despite the scaremongering being stirred up among Labor and union ranks, it is this very Labor government that has thrown out the proverbial fair go in effecting the state government takeover of water assets. The Premier and Treasurer seem to think that offering councils \$2 billion—or whatever the amount is; whether it is \$6 billion or not, it is certainly worth more than \$2 billion—is a fair go.

During the last parliamentary sitting week we saw the Premier launch an unprecedented attack, using—or abusing—parliamentary privilege, on Brisbane Lord Mayor Campbell Newman and the council of mayors for raising the issues with Queenslanders. This illustrates that when Queenslanders stand up for a fair go they are likely to be defamed by the leader of this state. The shortfall in worth estimates in bulk water assets in the south-east between the state government, the councils of mayors and individual councils signals the need for an independent asset valuation to ensure that councils are compensated on the one hand and the state government does not use opportunistic appraisals of net worth on the other. This represents a logical, reasonable solution to the impasse between the state government and councils over the issue. However, the Premier and Treasurer have conclusively refused an independent audit of the asset sale. Why? Because the members opposite know that the figure on the balance sheet grossly undervalues bulk water assets in Queensland's south-east. If they believed for a minute that \$2 billion was an accurate representation of the assets' worth, the Premier and Treasurer would be prepared to back an independent valuation to reconcile the matter. Instead, the Bligh government has taken a contemptuous approach to councils, demanding that they hand over assets for inadequate compensation. As the Brisbane City Council stated, this amounts to blatant thievery.

To see this, we have only to look at the briefing notes that I and all other members of parliament representing the Gold Coast were provided with by the Gold Coast City Council last week. Over a couple of days Minister Keech and all the other Labor and Liberal members attended council and got this bulk water business valuation which literally showed that the Gold Coast water returns to council totalled \$99.6 million in 2007-08. By any measure of modern business, a return of \$100 million would value the asset at at least \$1 billion. With regard to the tax-equivalent payment, I understand that the Treasurer or KPMG has refused to allow the concession that returns \$12 million of revenue a year. It is a concession from the federal government on the dividend on current water infrastructure and income. The Treasurer and the advisers are saying that that tax-equivalent payment will not be included in any payment to the council.

The council assumptions, as mentioned here, are based on robust analysis. The asset valuations have been accepted by the Queensland Audit Office, and the financial impacts of what the government is offering—not recognising the tax equivalents—will cost the council \$300 million or \$400 million over a period of 30 years or so. There was also an asset revaluation, as I understand, in 2006 at the Gold Coast. I understand as well that the Treasurer's advisers are not accepting all aspects of this revaluation, and that will cost the council up to \$200 million. Basically, the Gold Coast mayor and councillors are saying that in return for \$1 billion worth of assets they are going to receive about \$300 million from the state. That clearly is not fair.

The member for Moggill made an interesting point earlier about the Bligh government's motivation for short-changing Queenslanders on bulk water assets. Simply, Queensland cannot afford fair and equitable consideration. A quick look at the Queensland government trading enterprises balance sheet shows that this state Labor government is the worst manager of utilities in this country. The Bligh government is borrowing money to pay for its assets, despite Queensland's strong economic position on the back of the resources boom. The ratio of borrowing to assets in Queensland will cost Queenslanders dearly, and the Premier and Treasurer know it. That is why they need to secure the state's water assets considerably cheaper than they are worth. If they were to concede these reports, which have valued assets at up to \$6 billion, the government would have to borrow billions of dollars more in order to fairly compensate councils. It would be forced to pay the cost back with interest, which obviously will have repercussions on our budget for years to come.

That is the price Queenslanders will have to come up with for the state Labor government's bad fiscal management and its lack of planning. With Queensland's record budget, it is an indictment that the Premier and Treasurer cannot come up with fair compensation for the councils for what is rightfully theirs. South-east Queensland mayors have accepted the Labor government's decision to take over local government water assets, despite their reservations and the questionable need to do so. Yet it is back-handed when they face financial difficulty of their own as a result of this government's underinvestment in their water assets. It is also an affront to ratepayers, who face rate rises to cover the cost of the state government's swindle.

The Leader of the Liberal Party signalled his intention to move an amendment to the bill mandating councils and the state government to settle on the sale price before the state can take control of the assets. I am fully supportive of this move, as is, I believe, the council of mayors. I call upon the government to support the amendment.

Before moving on to the second bill, I want to reinforce comments made by the member for Moggill regarding the power inferred to the state government by this bill. Apart from facilitating the government's asset-grabbing agenda, this is a power-grabbing exercise demonstrated by the many facets of management established by the bill. As my colleagues have stated, this bill is about building a public conglomerate that will not deliver one extra drop of water to Queensland. I note that clause 16(1) of the bill provides for the establishment of a water entity board and clause 19(4) of the bill states that the responsible minister may at any time end the appointment of a water entity board member for any reason or none. This conflicts with fundamental legislative principles and compromises the integrity of the board, a matter about which I share serious concerns.

The bill vests significant power in the government to oversee the operation and administration of the project, the Water Entity Board and Queensland Water Commission. This amount of control may not be in the best interests of Queenslanders. To ensure the viability and integrity of the project, management should be transparent and accountable to the people of Queensland. Some clauses contained in the bill may compromise the ability of Queenslanders to scrutinise the activity of the board, the Water Commission and the government with respect to the water grid. For the reasons I have outlined we will not be supporting the South East Queensland Water (Restructuring) Bill.

I would like to make some brief comments regarding the Water and Other Legislation Amendment Bill 2007. I state at the outset that I will be supporting the bulk of the bill, noting a number of reservations for the record. Firstly, one of the key achievements of this bill is the introduction of means by which units and other high-density residential and non-residential premises can be monitored for water consumption. Clauses 58 to 61 of the bill enable landlords to ask tenants to pay for their water consumption by allowing submetering to determine water usage. This is an important move and one which is endorsed by the Real Estate Institute of Queensland. It is also one which will have a significant impact on my electorate of Surfers Paradise, given the prevalence of high-density living spaces on the Gold Coast. Metering and monitoring unit owners and tenants will ensure that all residents, not just those in houses, are encouraged to account for their water consumption.

The bill will also expand the allowable uses of treated greywater. The *Gold Coast Bulletin* recently exposed the practice of using drinking water for cleaning the streets of Surfers Paradise. This is obviously an issue of serious concern to residents, who have had to make significant changes to the way they go about their daily lives in order to conserve water. By expanding the allowable uses of treated greywater, such water may be used in order to save precious drinking water from being used for such purposes.

Another case highlighted by the *Bulletin* was the issue of filling traffic barriers at the recent Indy with purified water. Again, expanding the use of greywater will ensure council and the relevant authorities have the benefit of water usage by means which will adhere to community expectations.

Clause 28 of the bill provides powers of entry for local government to monitor and enforce compliance with water restrictions. The effectiveness of water restrictions will obviously hinge on the councils' and authorities' ability to enforce them. Presently, councils require either an approved inspection program, council resolution or publication notice to monitor compliance with water restrictions. This bill will remove that requirement, which the coalition has some concerns about. While I have doubts as to whether the current restrictions are, in fact, being monitored and enforced against people who continue to flout the rules, people's rights to the private enjoyment of their land should be respected.

I call on the minister to clarify whether current water restrictions are being actively enforced and, if so, whether the new standards for monitoring are necessary. I support the coalition's amendment to the bill which would require written authority before council water officers or their agents can enter a residence with a view to monitor or enforce water restrictions.

Finally, I note that the bill provides for the implementation of permanent water restrictions. It is a sad reality of the current climate that we must consider curtailing excess water consumption wherever we can. Regardless of when and whether the drought breaks Queenslanders are now more conscious of water conservation than they have ever been. We need to sustain this momentum regardless of how full our dams are. While a deluge in our dams should obviously relax those restrictions perhaps we may never return to a time where our kids spend long summer days playing in the sprinkler. Having endured the dry well, Queenslanders are too aware of the worth of water to go back to wasteful ways.