



Speech by

Andrew Powell

MEMBER FOR GLASS HOUSE

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

Mr POWELL (Glass House—LNP) (4.18 pm): I, too, rise to contribute to the debate on the South-East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Bill. Being a member of the Environment, Agriculture, Resources and Energy Committee myself, I was going to start by addressing some of the committee's deliberations on this bill. However, I thought it might be best to start by counteracting some of the claims just made by the member for Waterford with regard to the LNP's position on this. Clearly he has not communicated with the councillors he is referring to because on 10 February the Leader of the Opposition, Mr Jeff Seeney, wrote to councillor Pam Parker, the Mayor of Logan City Council. I will table the letter but it might be worth reading it so that the member for Waterford can be brought up to speed. It states—

Dear Councillor Parker,

Thank you for your letter of 4 January 2012 regarding the LNP's position on the handing back of control of water to Councils, in particular in relation to Allconnex.

The LNP is aware the Gold coast has indicated they wish to leave Allconnex and is to bear the cost of the restructure under Labor's current, but yet to be legislated, de-amalgamation proposal.

The LNP believes Labor's failed SEQ water reforms have resulted in huge increases in the cost of water for ratepayers. For this reason the LNP has publicly released a Four Point Water Plan which clearly states Councils will be handed back control of water distribution and retailing. The LNP, if elected, is committed to sitting down with Councils to sort out the legacy of the Bligh Labor Government's failure and driving down the cost of water in SEQ.

It is yet another example of Labor's wrong priorities and disregard for the needs of Local Governments that the *South-East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Bill 2011* has not yet been debated in State Parliament, despite having been introduced to Parliament around four months ago, thereby leaving your Council in limbo and without certainty. While the LNP recognises this Bill would not address the root causes of the Bligh Labor made water shambles, we would welcome this being debated in the coming Parliamentary sitting week. While the LNP plan is better, I note the SEQ Council of Mayors has requested this Bill be brought before the House. Should that occur, the LNP will support it to give certainty to the Councils affected.

Tabled paper: Letter, dated 10 February 2012, from Mr Jeff Seeney MP, Leader of the Opposition, to Councillor Pam Parker, Mayor, Logan City Council, regarding the handing back of water to councils, in particular Allconnex [\[6443\]](#).

Mr Moorhead: You might want to give a commitment to the full election commitment.

Mr Wendt: Tell us about the four pillars.

Mr POWELL: We will get to the four pillars soon enough. As I said, I was intending addressing some of the committee's deliberations during this debate, but I will get to the four pillars.

This bill covers a number of issues. Firstly, it enables the withdrawal of a council water business, being Allconnex, from the South-East Queensland distributor-retailer and re-establishment of the water business within direct council operations. It also applies certain requirements of the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 to these specific council water businesses, applies additional requirements to the continuing SEQ distributor-retailers to provide greater clarity for councils' pricing and decision-making role with respect to their distributor-retailers, provides that

the Queensland Competition Authority, or the QCA, will have a price monitoring oversight role of the new council water businesses and makes other minor consequential changes.

As a member of the committee, I think it is fair to state that when we held our public briefing on 16 November 2011 it was probably one of the best public briefings we have received to date from any department or statutory authority. In this case, the QWC, the Queensland Water Commission, came very well prepared. It came with documentation and a presentation that was very clear in describing the intent of the bill and how it achieves that intent. It also clarified a lot of questions that we were going to raise before we were able to raise them. I am happy to give commendation where it is due, and certainly the QWC officers who participated in that public briefing in November are worthy of that commendation.

There were four written submissions and subsequently an addendum. We received submissions from Allconnex and the three owner councils—Logan City Council, Gold Coast City Council and Redland City Council—and we subsequently received an addendum from Redland City Council. At the briefing QWC gave some of the background to this bill and talked, as others have in this chamber today, of the South-East Queensland water sector reforms approved by the Queensland government in August 2007. As reiterated by the member for Waterford, the 2006 election was fought on many of these reforms. As many other members from this side of the House have said, the reality that we needed these reforms and that they were needed in such a rushed fashion is testament to the inability of this Bligh Labor government to plan for the future, to plan for uncertainty. They are happy to pass the buck and put it back on councils and say that it was councils' fault that they did not plan when the reality of approval for things like dams sat squarely with the state government.

As others have said, the Wolffdene Dam decision was possibly one of the key contributors that put us in the dire situation we faced in 2006-07. We then saw a knee-jerk reaction in the scale of the water reforms and the subsequent failure of some of those water reforms. Certainly in my patch the ongoing one is clearly Traveston Dam and the impact that has had on the community itself—the Traveston community and neighbouring towns and rural areas—but also on the greater Sunshine Coast. It is still being felt in the upper Mary Valley in the area that I represent as the member for Glass House.

We have the classic situation where to the north of Brisbane we have pipes without dams because, despite Traveston being ruled out, this government has pressed ahead with putting in the northern pipeline interconnector stage 2—and there is even talk of going beyond that—at a cost of \$400 million, \$10 million per kilometre, connecting Landers Shute in the north of the electorate of Glass House through to Lake Macdonald up near Cooroy. To the south of Brisbane we now have a dam—Wyaralong—without any pipes whatsoever or a treatment plant. We have seen that even now this government is unable to deliver what they have said they will. They have been very quick at every opportunity to blame the council. What we are seeing here again is a half-baked attempt at fixing a problem that it has created.

Some of those reforms that the QWC talked about during the briefing included the stage 1 reforms that saw the establishment of three statutory authorities to own the bulk supply, bulk transport and manufactured water infrastructure and services in South-East Queensland. We also saw the establishment of the SEQ Water Grid Manager as the purchaser of bulk water services, the vendor of bulk water in South-East Queensland and the operator of the SEQ water grid. In stage 2 of the water reforms we subsequently saw the establishment of four local government owned entities to take over the functions of water distribution, wastewater treatment and the sale of water retail services from existing SEQ local governments—subsequently that was reduced to three—and the creation of a regulatory framework for the provision of distribution and retail services in the SEQ urban water sector.

It is interesting to note at this point that members opposite are quick to point out that ratepayers are now seeing on their water bill a differentiation between the bulk water price and the costs imposed by the local government through the distributor-retailer. A lot of those costs have increased and the primary reason for that is that the Queensland government has washed its hands completely of any co-contribution to wastewater treatment in many of these councils. By taking the assets off council and removing any assistance in the improvement of those assets it is no wonder that councils are struggling to address those increasing costs, particularly when the government is also setting the standard by which those wastewater treatment systems are to be measured.

Under the DR act 2009 the subsequent amendments gave effect to stage 2 and established the distributor-retailers from 1 July 2010 as well as the transfer schemes by which the water and wastewater functions, assets, employees, instruments and liabilities could be transferred to the distributor-retailers. The transfer schemes were approved by the minister and the DR act 2009 gave the council owners of each of the distributor-retailers participation rights similar to shareholder rights with the respective distributor-retailers. Participation agreements have been entered into by councils with their distributor-retailers. The trading names of the distributor-retailers and the council owners became Unitywater, Queensland Urban Utilities and Allconnex.

It was in April last year that further water reforms were announced. These included capping the price of water and wastewater services by the three SEQ distributor-retailers to CPI for residential and small

business customers from 1 July that year through to 30 June 2013 and that SEQ councils would be afforded a once only opportunity to withdraw from the distributor-retailer. As others have mentioned, one council chose to exercise that option, and that was the Gold Coast City Council. Subsequent to that, it then put the other two participants in the Allconnex distributor-retailer at a disadvantage and they have also now agreed to take back their operations. This is not a fantastic outcome. This is, as others have said, an attempt to unscramble a scrambled egg.

A couple of the issues raised by the submitters need consideration during this debate. They are well covered again by the EAREC examination of the bill and the subsequent report No. 8. While I am discussing that, I would like to acknowledge the staff of the EAREC secretariat for the ongoing work that they do in assisting the committee in preparing these reports.

By far and away the most significant concern raised by all of those who provided written submissions was around the timing of the consideration of this bill. The committee was initially given a deadline, and still had a deadline, of 5 April this year. Everyone knew that there was likely to be an election before then, so it really created a level of uncertainty for the councils involved as to what their future would entail. The council submissions noted concerns about the considerable cost and impact upon employees of any delay in the consideration of this bill. We are also aware, as mentioned in the letter I read out from the Leader of the Opposition, Mr Seeney, the member for Callide, that the SEQ Council of Mayors have asked that this bill be brought forward.

The QWC agreed that the committee's reporting date 'makes the approval or passing of the bill challenging' and that would have flow-on effects to the councils involved. So the committee resolved to table this report far earlier. It was done so yesterday and, through the motion that was moved this morning, we are able to debate this bill today. As mentioned again in that letter I read out from the Leader of the Opposition to the mayor of the Logan City Council, the LNP is supportive of bringing this bill forward and is supportive of this bill passing today so that it gives certainty to those councils as they move forward in their deliberations around delivering water and wastewater services to their ratepayers.

The majority of other comments made by the committee were about seeking assurances from the minister on a range of issues. They arose from concerns raised by most of the players involved, particularly most of the councils. The committee sought assurance from the minister that retransfer schemes may be amended to provide for necessary changes to assets, liabilities and employees between April 2012 and 1 July 2012. We sought assurance from the minister that the minister's ability to override the default provision in proposed section 92BI ensures that the parties are not unduly disadvantaged in the retransfer of assets and liabilities.

We sought assurance from the minister that the default provisions apply to unpaid water charges where there is no agreement between the parties as to how the unpaid charges are to be proportioned. We sought assurance from the minister that a definition of withdrawal costs for the purposes of a regulation will be developed in consultation with the parties and with assistance from QWC. We sought assurance from the minister that the QCA requirements will not impose unacceptable financial burdens on water prices and ratepayers.

We sought assurance from the minister that the bill will be amended to provide for the retrospective application of section 92BS and section 92CM. We sought assurance from the minister that the bill will be amended to provide Allconnex Water with adequate protection for actions taken or decisions made in connection with the proposed retransfer prior to the bill taking effect.

I am aware that the QWC responded to each of those issues that were raised by the committee and also that the minister has subsequently responded through the tabled document that he presented at the start of this second reading debate. They are largely technical issues. I note that, whether it be through QWC or the minister, most of those issues have been addressed, and I trust the councils find that information useful. Again, as a member of the committee, I thank the councils for raising those issues with the committee and allowing us to represent them in the report today.

The member for Ipswich West asked, 'What was that four-point plan?' I think it is worth concluding on that point. As I said on a couple of occasions, this really is a case of trying to unscramble a scrambled egg and potentially making a far bigger mess of a situation that was already quite messy. Very early on in the piece when Campbell Newman became the Leader of the LNP he put forward this four-point water plan—that is, to amalgamate the four bulk water entities into one entity to reduce the cost of supplying water; to hand back control of water distribution and retailing to councils, who previously did a far better job of managing water resources than the Bligh government; to write off non-performing water grid assets to reduce sharp price rises; and to adopt a 40-year price path to repay the Bligh government's \$7 billion water grid debt over the economic life of the assets, which will also reduce the cost of the water.

Had the government adopted that position from day 1 we would not have this opt in, opt out situation that we are dealing with today—a situation that is creating further uncertainty for the councils and creating further uncertainty for the ratepayers. There are questions over how or if this will produce cheaper water. What we can guarantee on this side of the House is that the LNP four-point water plan will deliver cheaper water for each and every ratepayer in South-East Queensland.