




Speech by
Curtis Pitt

MEMBER FOR MULGRAVE

Hansard Thursday, 29 November 2012

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

 **Mr PITT** (Mulgrave—ALP) (3.16 pm): Firstly, as a fellow participant in Movember, I congratulate the honourable the minister on his moustachioed appearance. I thank him for participating in promoting men's health issues. The opposition will not be opposing this bill. We do, however, have some concerns, that I will outline in detail, regarding the government's proposed water reforms as well as the proposed amendments. In particular I want to address the implementation of the LNP's election promises in relation to the water sector. Before I do, I want to point out that on Tuesday the minister issued a media release announcing the appointees to the board of the amalgamated bulk water entity that this bill seeks to establish. This media release does not show proper deference to the legislative process. The bill is still before the House and for the minister to jump the gun and announce the new board members for this entity is presumptuous and I think shows a lack of respect for the parliament.

During the election campaign the LNP promised it would implement a four-point plan to reform the bulk water supply and water retail entities in South-East Queensland. Those four points were as follows—these are not my words, I quote from the LNP website—

Amalgamate the four bulk water entities into one entity to reduce the cost of supplying water;

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;

Write off non-performing water grid assets to reduce sharp price rises;

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 water.

The adoption of those four policies was supposed to generate a budgetary saving large enough to pay for a one-off \$80 water bill rebate for all households in South-East Queensland. The bill seeks to implement the first of the LNP's four-point water plan, the amalgamation of the bulk water entities. One would assume that this amalgamation was intended to provide a significant part of the savings required to fund the \$80 rebate. Of course, we now know from the budget that the LNP promised more than it could deliver during the election campaign. Once in government the minister realised that the LNP's water plan would not actually provide any savings. In order to meet its election promise to give a water rebate to South-East Queensland householders it would have to call on all Queensland taxpayers to fund it because it could not get its sums right.

In the September budget, we saw an allocation of \$92 million from the government to fund the promise that was not supposed to cost anything. It is the same story as the promise to save householders \$120 on their electricity bills by freezing tariff 11. That was not supposed to cost taxpayers anything, either. There has been an allocation of \$63 million to pay for that promise, even though we knew that the true cost would be much higher. A simple calculation reveals that the cost of the \$120 electricity bill saving will be much higher. We know that 1.8 million Queensland customers use tariff 11. Simple maths proves that \$120

multiplied by 1.8 million is \$220 million and not \$63 million. That is a shortfall of \$157 million. The promise was that it would cost nothing and then that it would cost \$63 million, but it will end up costing \$223 million. That is yet another instance of the LNP's election costings being way off the mark. Using the LNP's own estimate that it saves \$100,000 for every government worker it sacks, the \$220 million to meet its election promise will cost 2,200 jobs.

However, back to water, where another of the government's poorly planned and thought-out election promises will end up costing more than it promised. The \$80 water rebate promise is in tatters. It was supposed to cost nothing, but we know it will cost \$92 million. That is another 920 jobs. Of the 14,000 full-time public sector workers sacked by this government, more than 3,100 of those have been sacked as a result of the LNP's failure to properly develop and cost its electricity and water promises before the election. Unfortunately, the failings of the LNP's water and energy policies do not end there, because one of the other major parts of the LNP's water plan is to repay water grid assets over 40 years instead of 20. The Costello audit forecasts that water grid debt will peak at \$3.5 billion in 2016-17. I refer honourable members to page 174 of that report. However, in another failure to understand the operations of the water market and poor policy development, the LNP promised to repay the water grid debt over 40 years. To say that the modelling of the consequences of this policy has been unkind to the government and the minister would be an understatement.

In his answer to question on notice No. 14 during the estimates this year, the minister said—

Initial modelling indicates that extending the 20 year debt repayment period to 40 years but retaining the 10 year bulk water price path would result in a peak SEQ Water Grid Manager debt of approximately \$6.8 billion in 2029-30.

That is almost double the level of debt under the 20-year repayment path. That is an additional \$3.3 billion of debt, all because the LNP got its election policy wrong and did not think it through properly. Unfortunately for the minister, he has been charged with implementing a policy that I do not think is of his making. It has the Premier, the Deputy Premier and the Treasurer written all over it. They are the three ringleaders of the three-ring circus that we are seeing opposite. Not only has the LNP water policy to amalgamate the bulk water entities failed to deliver the savings it promised, requiring funding from all Queenslanders to pay for the \$80 rebate, but if fully implemented the LNP's water policy will effectively double the water grid debt and increase the cost of water to Queenslanders. The LNP's water policy actually increases the cost of water and needs to be bailed out by the taxpayers, because it was not properly costed.

I take this opportunity to talk about some of the concerns raised during the consultation on this bill, particularly from the unions about the industrial relations impact for workers who are being transferred into the new bulk water entity. In its submission to the Finance and Administration Committee, Together, the union of employees, raised concerns regarding the transition of employees. In particular, it raised concerns regarding the potential for job losses as a result of the restructure and a potential for employees to be forced to accept lesser conditions of employment. Together was concerned that there is a potential for employees to be given redundancies under the legislation as it is currently drafted. I ask the minister to comment on that and whether the government can guarantee there will be no forced redundancies as a result of this amalgamation. Concern was also raised about employees currently working 36¼ hours a week moving to positions that are slated as 38 hours per week without any additional compensation. I think all members of the House would agree that employees are entitled to be paid for the hours that they work. If employees are required to work more hours as a result of this amalgamation, they are entitled to be paid for that additional time.

The bill abolishes the Queensland Water Commission. The QWC was established in 2006. This bill will transfer most of its functions, responsibilities and staff to the Department of Energy and Water Supply and the new amalgamated bulk water entity being established by the bill. I take this opportunity to thank the hardworking past and present staff of the QWC for their efforts over the past six years to help reform the water sector. If we cast our minds back to 2006, I am sure all members will recall the dire situation that had arisen after years of drought. In 2006 in South-East Queensland the combined dam levels fell below 20 per cent. It was the worst water shortage in 100 years. I commend the Queensland Water Commission for the fine work it did at that time and since. In particular, the public education campaign surrounding water usage should stand as a model for similar campaigns. At the height of the drought in South-East Queensland, water usage per person was reduced considerably to approximately 140 litres per person per day and the education component of that campaign was so successful that water usage per person has remained low.

The opposition is concerned about the new regime for water restrictions. I seek some clarification from the minister about how they will operate. The explanatory notes state—

The QWC water restriction powers will also be removed and the SEQ water service providers will no longer be delegated a compliance role to ensure restrictions are adhered to, but will be empowered to impose restrictions where they consider these are necessary...

I ask the minister for some clarification as to how that change will operate in practice and whether the new bulk water authority as a service provider will set its own restrictions. I note that the explanatory notes go on to state that water service providers will be—

... subject to a direction from the Water Supply Regulator to impose a restriction consistent with legislative provisions that apply throughout Queensland. SEQ water service providers will achieve a level of reduced business costs with the removal of these QWC functions.

Again I ask the minister for clarification around this legislative framework, which will govern the setting of water restrictions in the future in South-East Queensland.

The bill makes some amendments to the Water Fluoridation Act 2008 to expand the criteria under which a water supplier may apply for an exemption from the requirement to fluoridate a water supply. I understand that, after many years of debate, fluoridation is still a controversial topic for some Queenslanders. Labor strongly supports the fluoridation of drinking water. Historically, Queensland has had significantly poorer outcomes in dental health, in part because fluoride was not added to drinking water across the state. Water fluoridation was introduced by the previous Labor government as a preventive health measure. When state-wide water fluoridation was introduced, Queensland had the worst dental health in the nation, with tooth decay affecting 50 per cent of children before the age of six. Until recently, Townsville was the only major city with fluoridated water and childhood tooth decay rates were up to 65 per cent lower than in Brisbane. Water fluoridation is supported by overwhelming scientific evidence and is endorsed by the World Health Organisation, the AMA, the Public Health Association of Australia and the American Academy of Pediatrics. In 2008, the previous government legislated to mandate the addition of fluoride to water supplies. The overwhelming weight of scientific evidence points to fluoridation as a safe solution that will improve the dental health of all Queenslanders. It is a form of early intervention that will save money in the long run as the level of expenditure required to provide dental services will be reduced in this state.

I have heard that the amendments to be introduced by the minister will allow local governments to make their own decisions about the fluoridation of water supplies and will remove the mandatory fluoridation requirement across the state. This will allow local governments to cease adding fluoride to the water supply if they already do so. Labor is wary of any moves that would significantly relax the provisions with regard to mandatory fluoridation. The opposition will not be supporting those amendments. I will speak more about the amendments in the consideration in detail stage. Again I put on record our strong support for the ongoing rollout of fluoridated water across Queensland.

To conclude, as I said the opposition will not be opposing the legislation. We do have concerns and I place those on the record today. However, the LNP's water policy is fundamentally flawed. To date it has not produced the promised savings and if fully implemented it will increase the cost of water by doubling the debt. Whilst we will be supporting the amalgamation of the bulk water entities, we do have concerns regarding the rights of employees, and I have mentioned those. I thank the House.