



Speech by

**Michael Hart**

**MEMBER FOR BURLEIGH**

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## **SOUTH-EAST QUEENSLAND WATER (DISTRIBUTION AND RETAIL RESTRUCTURING) AMENDMENT BILL**

**Mr HART** (Burleigh—LNP) (12.36 pm): I rise to contribute to debate on the South-East Queensland Water (Distribution and Retail Restructuring) Amendment Bill 2012. During the 2012 election campaign one of the big issues in the Burleigh electorate was of course cost of living. Many members in this place have said that people in their electorates were seriously impacted by electricity prices and water prices. There is no doubt that water prices in the future are going to be one of the major impacts on people's cost of living.

In 2009 the Labor Party made a great mistake by introducing the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009. The previous Labor government had a history of making these mistakes, and we simply need to look at council amalgamations to see an example of that. After quite a bit of protest, it realised that it had made a mistake and it needed to undo that. The previous government sought to get itself out of the mess it had created by shifting blame to local councillors and giving them a choice to undo the damage done by amalgamating South-East Queensland water assets. There was much consternation on the Gold Coast about the amalgamation of water assets. Eventually, after lots of debate, the Gold Coast City Council decided that it would move its water business away from Allconnex and back to the Gold Coast City Council. Again, there has been a lot of debate inside council and in the public arena in the *Gold Coast Bulletin* about the costs that would be involved in moving these assets back to the council. That cost has been put at anywhere between \$80 million and \$100 million. We can all imagine how \$100 million of extra cost to one council, the Gold Coast City Council in this instance, will impact on people's water bills in the future and hence their cost of living. This government, in contrast, needs to do something about minimising the increases of cost of living and we can do that by looking at any alternatives that are available to us.

Most of the cost-of-living impacts have been locked in by the previous government, so there is not a great deal that we can do about those. But we can do something about the ongoing cost to the Gold Coast City Council. We are doing that by removing the special industrial relations measures, primarily two workforce frameworks, that were introduced under the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009. Those frameworks apply to employees of 10 South-East Queensland councils.

That act took the water assets of those councils and transferred them to the state under entities known as Unitywater, which was owned by the Sunshine Coast and Moreton Bay regional councils; Queensland Urban Utilities, which was owned by the Brisbane City Council, the Ipswich City Council, the Scenic Rim Regional Council, the Lockyer Valley Regional Council and the Somerset Regional Council; and, of course, Allconnex, which was the biggest failure of all of them. That entity was owned by the Gold Coast City Council, the Logan City Council and Redland City Council. The employees of those 10 South-East Queensland councils were given protection by the former Labor minister that was outside normal business practices. The minister made up something called the staff support framework, which became

known as the 2009 workforce framework. Legislation was introduced in 2009 to protect those workers' jobs for three years—from 1 July 2010 until 30 June 2013.

As I said previously, there was a lot of anger on the Gold Coast about the state government assuming the assets of the Gold Coast City Council. The Gold Coast City Council had done a lot of planning for its future water needs.

**Mr Rickuss:** Did you think the Labor government was going to manage the assets better?

**Mr HART:** I will take that interjection. I do not think anybody on the Gold Coast had any idea that the Labor Party would manage anything correctly, because it had a terrible history.

**Mr Dowling:** It's in their DNA.

**Mr HART:** I take that interjection as well. It certainly is in their DNA. This consternation of people on the Gold Coast spawned an organisation called Disconex, and 10 to 20 passionate people organised hundreds of people to protest about these things. So the previous government cannot say that people on the Gold Coast were ever happy about this legislation when it was introduced in 2009. Hundreds of people were protesting on the streets. Hundreds of people—perhaps thousands of people—gathered outside the Gold Coast City Council chamber. I am sure the member for Gaven will talk about this matter when he stands up to speak shortly. Those people were wearing T-shirts and they were endeavouring to get those water assets back into council controlled hands where the important job of taking care of the water assets of the people of the Gold Coast could be better utilised.

**Mr Rickuss:** You could say they were highlighting Queensland Labor's ability.

**Mr HART:** They were absolutely highlighting Labor's incompetence in managing the state's assets. At that time lots of Gold Coast city councillors and some candidates—some LNP members—were participating in these protests. We all had the same view, that in 2009 the former government had made a terrible mistake and that we needed to undo it in some fashion. Obviously, when the former government realised that it had made a mistake it stuck its head up and looked to see who it could blame for it. The former government levelled that blame quite squarely at local councillors. Local councils seem to be the Labor Party's whipping boy.

I must say that the people of the Gold Coast were also angry about the state taking over other assets. A prime example of such an asset is the desalination plant, which is located in the electorate of the member for Currumbin, the Minister for Tourism. That desalination plant was proposed by the Gold Coast City Council in 2005, with an estimated cost of \$165 million. I know that I have spoken about this issue in this place before. The Gold Coast City Council, looking ahead, realised that there would be an issue with water in the future, so it planned a desalination plant. It did a lot of planning for it. It brought in companies from overseas, it brought in consultants, and it drew up an excellent plan for a desalination plant.

When water was in a little short supply in this state, the Labor government stuck its head up out of the sand and looked around for assets that it could possibly take from entities that had thought ahead. The former government saw that the Gold Coast City Council had planned a desalination plant, so it went out and snaffled it. It ramped up the project—and it ramped it up big time. The plant went from handling something like 55 million megalitres to 125 million megalitres. The thing was actually running above 100 per cent capacity. The former government more than doubled the output of the thing. But would one not think that would lead to a doubling of the cost—from \$165 million to maybe \$300 million? No. Because of the way the previous government built its infrastructure, that desalination plant ended up costing \$1.2 billion, plus its operating costs. Is there any doubt that that increase in cost has to lead to an increase in the cost of living for the people of South-East Queensland—the people of the Gold Coast? There is no doubt in my mind that that is the case.

**Mr Rickuss:** Is the water from the desalination plant being used?

**Mr HART:** I will take that interjection. My understanding is that the desalination is on hot stand-by. Basically, it is just keeping a little bit of water running through so that places—

**Mr McArdle:** To keep the membranes going.

**Mr HART:** Yes. What else did the former Labor government do? It built the \$9 billion South-East Queensland water grid. There are 535 kilometres of water pipes crisscrossing South-East Queensland. Plenty of those are rusting, as is our desalination plant. We have pipes that do not go to dams and we have dams that do not have any pipes. So work that out. That is very intelligent, isn't it? Recently we heard the Minister for Energy and Water Supply say that there are leftover pipes that are stacked in parts of Brisbane that we are going to have to send to a scrapyards and hopefully get a little bit of money for in return.

The former government also built the \$2.4 billion western corridor recycled water pipeline. We all know how that works.

**Mr Costigan:** Reminds me of that movie *Dumb and Dumber*.

**Mr HART:** That is it. I take that interjection as well. That scheme was proposed to use recycled water treatment plants to deliver 232 megalitres, but they delivered 122 megalitres to the Swanbank and Tarong power stations. So our electricity generation power stations are using recycled water.

**Mr Rickuss:** Very expensive.

**Mr HART:** It is very expensive water.

**Dr Douglas:** They don't even want it, because it's rubbish water.

**Mr HART:** We hear from the member for Gaven that they do not want it. It is very expensive water. But I say to the member for Gaven that they should be used to that, because everything that the previous Labor government did was expensive. So we have two power stations that are using the most expensive water that you could possibly buy. Do members think that is pushing up the price of electricity? It would have to be, wouldn't it? Again, that is impacting on people's cost of living. Should I mention the \$600 million that was wasted on the Traveston Dam?

**Honourable members** interjected.

**Mr HART:** I should? Yes. Okay. The residents of the Mary Valley were kicked off their land so that the Labor Party could waste \$600 million on a failed dam. That is great land. That is not very effective or necessary infrastructure spending. All of that money that was spent was borrowed money.

At the last sitting we heard the Treasurer state that in 2005-06 34 per cent of this state's capital expenditure was funded by borrowings. Since then—in 2010-11—that figure has moved to 96 per cent of all capital expenditure in this state being funded by borrowings.

Is there any wonder that the people of the Gold Coast were angry with the previous government when they realised the mistake that was being made? Once again the Labor government panicked. It said, 'Well, let's undo the process and we'll try to blame the Gold Coast City Council as we do that.' It came up with the brilliant plan of the retransferring staff support framework—that is the name that was used for the next bit of legislation it put in. It became known as the 2012 workforce framework. That locked in the previous workforce framework that gave protection from forced redundancies for a further three years to those staff who had moved from the councils to the water entities and were now moving back to the councils. As well as that, it also locked in moving and travelling allowances for some staff who were entitled to additional payments associated with having to live or travel to or from remote places in their employment than was the case when they were employed by the original council or Allconnex. It also locked in salary maintenance, saying that some of these staff could be staying on the highest salaries even if they were doing a lower job. Even if that job did not require a director or something like that, they would be locked into that salary even though they did a lower job in the entity.

Conditions such as this do not exist in the real world; they only exist in government. It is completely unrealistic in the present fiscal position that we find ourselves in in this state. It is unfair to the Gold Coast City Council and to the people of the Gold Coast to make them fight an ever-increasing battle against cost-of-living pressures with one hand tied behind their back as these workforce frameworks intend to do. By removing the special industrial relations arrangements we are giving the Gold Coast City Council the flexibility to operate under an ordinary industrial relations arrangement that might apply to similar employers.

As the member for Pine Rivers said earlier, this matter was referred to the State Development, Infrastructure and Industry Committee. We had a very short time frame to report back, but there were very good reasons why it was a very short time frame, and that was because the implementation date of these employees moving back to the councils was 1 July. We basically had a couple of days to look into that matter and report back to parliament, which we did. I commend this bill to the House.