




Speech By
Rob Molhoek

MEMBER FOR SOUTHPORT

Record of Proceedings, 17 March 2016

UTILITIES, SCIENCE AND INNOVATION COMMITTEE

Report, Motion to Take Note

 **Mr MOLHOEK** (Southport—LNP) (11.53 am): I rise to speak to the report tabled by the Utilities, Science and Innovation Committee in respect of maintenance of water infrastructure assets. It always amazes me when we come into the House how history rewrites itself. As the chair of the committee pointed out, I am on the public record as having been a supporter of the desalination plant. I was chair of finance at the Gold Coast City Council at the time when, as has been pointed out, we were facing one of the worst water crises in South-East Queensland. However, I think I need to correct the record.

When the first business case came to the Gold Coast City Council, the estimated project cost was in the order of \$120 million. There were four or five sites that were located at the time. Further studies were done and further reports came back which short-listed the options to three sites, and the cost was expected to be in the order of \$200 million. What history does not record is the conversation I had with the then premier at the Indy on the Gold Coast over lunch when I pointed out to him that the council had grave concerns about the cost, at \$240 million. We did not think it was a project that we could afford to carry as a city.

Miraculously, in something of a panic, a letter appeared the following Monday from the then premier to the Gold Coast City Council saying, 'We are taking the project over, we will take full responsibility for it, and we will reimburse council for the cost of the land that will be acquired at Tugun.' We had to take away soccer fields and relocate some other sporting facilities. 'We will also reimburse council for all of the investigative costs they have incurred so far.' Then, hey presto, suddenly we are building a desalination plant not at \$120 million, not at \$240 million but a plant with no business case that ended up blowing out to a cost somewhere in the order of \$1.5 billion.

Mr Hart: How much?

Mr MOLHOEK: \$1.5 billion. Then we had this wonderful idea of a water grid where we would create all these pipes across South-East Queensland. Apart from the desalination plant, I point out that none of them produce water.

Mr Rickuss interjected.

Mr MOLHOEK: That is correct. I take that interjection from the member for Lockyer. There is good news in this report in spite of the disaster created by the previous Labor government with the \$10 billion cost blowout to create the water grid and the \$1 billion-plus cost blowout of the Gold Coast desalination plant. Is it any wonder there is no rust? It was gold plated in the process by the previous Labor government.

I am pleased to point out the outstanding work that Minister McArdle did when we came to government in 2012 in initiating a proper review of the water grid. He insisted that there be a review of the cost and a review of opportunities to try to reduce costs. This report says what a great job the LNP government did in trying to rein in costs. This report is saying what a great job Minister McArdle did, as the former minister for water and energy, in reining in costs and bringing in some common sense to the approaches undertaken by Seqwater both in relation to the western corridor recycling scheme and the Gold Coast desalination plant.

In the report—which the chair of the committee failed to point out—as a result of that initiative we have seen a saving of some \$257 million in respect of ongoing costs for the western corridor recycling scheme and a saving of approximately \$10 million a year as the Gold Coast desalination plant now operates in what is called hot mode. It is a great outcome and great work. What it highlights is that the LNP are the only people who should be in government because the LNP are the only people who can be trusted to manage the state's economy and assets well.