




Speech By  
**Andrew Cripps**

**MEMBER FOR HINCHINBROOK**

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### **WATER (LOCAL MANAGEMENT ARRANGEMENTS) AMENDMENT BILL**

 **Mr CRIPPS** (Hinchinbrook—LNP) (12.53 pm): I rise to make a contribution to the debate on the Water (Local Management Arrangements) Amendment Bill 2016. The objectives of the bill are to amend the Water Act to facilitate the restructure and transfer of a number of SunWater's channel irrigation schemes to local management arrangements. This will be achieved primarily by establishing a legislative transfer scheme, enabling a staged transition of potentially up to eight schemes in regional areas across the state of Queensland.

I do not have any of the named irrigation schemes in my electorate of Hinchinbrook. The people of my electorate of Hinchinbrook are very lucky to have extremely strong rainfall on an annual basis. It is not that my electorate of Hinchinbrook does not have agricultural producers using irrigation resources, but there are not any of these channel irrigation schemes. The people of my electorate of Hinchinbrook draw their allocations from watercourses or groundwater supplies.

I wanted to participate in this debate to recognise the role that the previous LNP government played in bringing this initiative to fruition. I want to make a few comments about this because, as the member for Callide mentioned earlier, it was the initiative of the agriculture cabinet committee within the former LNP government that drove this process. I was privileged to be a member of that agriculture cabinet committee and participated in the deliberations of that cabinet committee that drove this initiative to where it is today.

As the former minister for natural resources responsible for the administration of the Water Act, I can say that there is a very strong relationship between the water resource planning processes and the water allocations in SunWater schemes across the state. When the department of natural resources plans and allocates those resources to irrigation schemes in those areas where they exist, I think there should be more consideration of what opportunities exist for augmenting and enhancing access to that resource in the future.

The explanatory notes accompanying the bill state—

The Bill delivers on the Queensland Government's commitment to continue to support the transfer of SunWater's channel irrigation schemes to local management arrangements, where this is viable.

The explanatory notes really mean that the former LNP government's drive and initiative to see this transition to fruition for the benefit regional communities across the state is really happening. A check of the historical record will show that the first time Queensland communities heard about this initiative was in July 2012, when the former minister for energy and water supply, the member for Caloundra, announced that the SunWater channel irrigator working group had been established. Subsequently, in December 2012, the then minister updated the community that the channel irrigation schemes had been invited to develop their local management proposes. In April 2013, the then minister went on to say that irrigators were being invited to take part in the local management reviews of Queensland's eight irrigation schemes. In July 2013, the then minister said that the local management of irrigation channel schemes was still moving forward and that there was a plan for how the delivery of those local management areas was firmly in place.

Now, we are seeing the fruition of that planning process. The explanatory notes accompanying the bill go on to state—

To achieve the policy objectives, the Bill provides for a staged transition of potentially all eight channel schemes to local management, commencing with the Emerald, Eton, St George and Theodore channel schemes if agreement can be reached on the final terms of the transfer and there is sufficient support from scheme customers. The remaining four schemes may become part of the declared project following further investigations and subsequent Government decision on the viability of these schemes transitioning to local management—these include the Bundaberg, Burdekin-Haughton, Lower Mary and Mareeba-Dimbulah channel schemes.

I get a bit worried when I read in the explanatory notes—

Currently irrigation revenues in the schemes do not cover the cost of operating the schemes. The gap between revenues and costs is funded by the Queensland Government through the payment of community service obligation payments to SunWater. Because the schemes are loss making it is necessary to ensure that the schemes transfer with sufficient capital (a separation payment) to remain financially viable, until they are able to increase revenue and reduce costs.

I agree that that transition scheme and those separation payments are going to be a necessary part of this process, but I do not want the members of this House to think that these are non-viable irrigation schemes. Page 6 of SunWater's 2015-16 annual report, which covers the performance highlights of that government owned corporation for that particular financial year, states quite clearly that SunWater has paid—

... a \$29.009M dividend at 100 per cent of Net Profit After Tax to shareholding Ministers—

being the Minister for Water Supply and the Treasurer—and that SunWater in the 2015-16 financial year has also provided—

... a special dividend of \$130M and a return of contributed equity of \$130M.

That totals a transfer of \$260 million by 30 November 2016 to the government of Queensland so they are not doing too bad. SunWater, as a GOC, is providing that revenue stream. I do not want the members of this House, when they are contemplating this bill, to think that this initiative is a dead loss. It is not a dead loss. It may very well be the case that SunWater runs them at a loss on the basis of the explanatory notes accompanying the bill, but it does not mean that the local management boards will run them at a loss.



**Mr CRIPPS** (Hinchinbrook—LNP) (3.14 pm), continuing: Before the luncheon adjournment I was making an observation about my concerns over comments in the explanatory notes accompanying the bill about the narrow-minded interpretation of the contribution that channel irrigation schemes make to the economy of Queensland, particularly the economies of regional communities in Queensland. The explanatory notes make the observation that the Queensland government, through community service obligation payments to SunWater, attempts to cover a gap between revenues and the cost of operations for those schemes.

I also made the observation before the luncheon adjournment that the 2015-16 annual report for SunWater outlines a \$29 million dividend paid by SunWater to the government of Queensland—namely, the Treasurer and the Minister for Water Supply. In that same annual report it provided for a special dividend in the last financial year of \$130 million and a return on contributed equity of \$130 million, meaning that there was going to be a transfer in 2015-16 to the government of \$260 million from SunWater.

Beyond the cash treatment of the performance of SunWater, I think it is important to touch on the point that was made by the member for Mirani and the member for Callide—that is, the contribution of these channel irrigation schemes is so much more significant than simply the cash that is recorded in their annual report. For decades and decades these channel irrigation schemes have made significant contributions to stamp duty revenues, to land tax revenues of the state and payroll tax revenues of the state because of the improvements and enhancements to the productivity of the land and to the communities attached to the country towns attached to these irrigation schemes. Some of these towns would not exist without those irrigation schemes to make these very significant contributions to the productivity of the Queensland economy.

I wanted to make that point during my contribution because I was concerned that the tone of the explanatory notes accompanying the bill would give members considering this proposed legislation a false understanding of the contribution that these irrigation schemes made. I think this is a good step forward. It is the product of a very forward-looking former LNP government, as I established earlier by tabling these public statements by the former minister for water supply, the member for Caloundra.

*Tabled paper:* Bundle of media statements by the former Minister for Energy and Water Supply, Hon. Mark McArdle, regarding water management of irrigation schemes [\[209\]](#).

I thank that LNP government for taking those very positive steps and I support this legislation.