




Speech By
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MEMBER FOR WARREGO

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WATER (LOCAL MANAGEMENT ARRANGEMENTS) AMENDMENT BILL

 **Ms LEAHY** (Warrego—LNP) (4.08 pm): I rise to speak in support of the Water (Local Management Arrangements) Amendment Bill. I want to thank the Infrastructure, Planning and Natural Resources Committee staff for their assistance with the inquiry and the professionalism with which they have produced report No. 36, especially given the time frame in which they had to do so. I also want to thank my fellow committee members from both sides of the House for their participation in the committee process and consideration of this bill that means so much to many parts of regional Queensland. There is an old saying: where there is water there is wealth. This bill facilitates the transfer of SunWater's irrigation schemes to local management arrangements where this is viable.

Local management arrangements have been introduced in a number of other states, including New South Wales, South Australia and Western Australia for some 20 years. The local management arrangement project has involved a comprehensive investigation into the potential transfer of eight channel schemes to new legal entities, ultimately owned and controlled by irrigators in each scheme. I am advised that this has been a very rigorous process.

The bill provides for a staged transition of potentially all eight channel schemes to local management, commencing with Emerald, Eton, St George in my electorate, and Theodore if agreement can be reached on the final terms of transfer and there is sufficient support from the scheme's customers. Reaching agreement on the final terms of transfer is possibly the most important aspect of the whole process. It has been made abundantly clear that each board must satisfy itself that it is appropriate for it to move, and for its customers' benefit to move, to local ownership. If they cannot negotiate suitable contracts, they do not move. It is really the situation that if they do not get it done this time it probably will not ever happen. Unfortunately, without agreement through this process, all of the previous work and modelling—and there has been a huge amount of work going on behind the scenes with those local interim boards—the negotiation and the massive task to do the due diligence over the past five years will all be lost. I urge the government to be interested and reasonable with these negotiations in the interests of a better long-term outcome for irrigators and the regions that benefit from the agricultural production there.

The remaining four schemes may become part of a declared project following further investigations and a subsequent government decision on the viability of those schemes transitioning to local management. These are the Bundaberg, Burdekin-Haughton, Lower Mary and Mareeba-Dimbulah channel schemes. Outside of the legislative framework of the bill—and this work has been ongoing even while we have been waiting for the bill to come to parliament—a number of special purpose vehicles, SPVs, are being established to facilitate the transition of the Eton, Emerald, St George and Theodore channel schemes to local management arrangements. These SPVs are transitional entities established specifically for the purposes of the LMA project. If local management proceeds to a formal transfer stage, the state will be divested of the ownership of the entities once the transfers from

SunWater have been completed. The four interim boards have also been established to undertake further investigations and the development of the revised business cases, which is particularly important, into the viability of the remaining four schemes transitioning to local management.

I wish to place on record my thanks to all of the interim board members who have been tireless workers for their fellow irrigators and communities who benefit from agricultural production and irrigation. It has been a long process and their patience with this process and this state government has been commendable. I would particularly like to thank the board members in my electorate: Luke Stower—an absolute tower of knowledge and strength when it comes to dealing with this issue; he has devoted so much time and I commend him greatly for that—Scott Armstrong, a second-generation irrigator in the St George irrigation scheme; Ross Landsberg; David Moon; and Glen Price. I also wish to thank Maurie Maughan, the acting chair of the central coordination body for the local irrigators, LMA Support Services, and also the chair of the Bundaberg interim board, who appeared before the committee. He was most helpful owing to his depth of knowledge on the topic.

Currently, the irrigation revenues in the schemes do not cover the costs of operating the schemes. The gap between the revenues and costs is funded by the state government through the payment of community service obligation payments to SunWater. These CSO payments are listed for each scheme in the committee's report. As the schemes are loss making, it is necessary to ensure that the schemes transfer with sufficient capital—that is a separation payment—and remain financially viable until they are able to increase revenue and reduce costs. I note that in December 2016 the government announced the quantum of the separation payments—some \$36.6 million for four schemes. I am also aware that the St George irrigation scheme has been offered \$5.1 million to assist with this transition.

The final terms of the transfer will need to be agreed between the government and the SPVs before the transfer of the schemes can occur. In addition, there will be a number of precedent conditions to the transfer, which will include the SPVs demonstrating that they are operationally ready to take over the operation of the scheme. I suspect that St George will probably be the first out of the four that will transfer, because I think they have done a huge amount of work and will be ready to move forward.

Consistent with similar transfers of state government assets, the bill also provides for an exemption from state taxes, fees and charges relating to any transfer of the business assets and liabilities of SunWater to local management. It will now be up to the scheme customers—that is the irrigators in those areas—to assess their support for the offer that has been put on the table by the government, or to negotiate a better outcome. I have no doubt that they will thoroughly analyse the price path under SunWater and compare that price path with the offer that is currently on the table from the state government.

The committee was unable to visit any of the eight schemes—Emerald, Eton, St George, Theodore, Bundaberg, Burdekin-Haughton, Lower Mary or Mareeba-Dimbulah. I believe that it would have benefited the committee to see some of those schemes, because not all irrigation schemes are the same. Some benefit from gravity feed and some do not. Some have newer infrastructure and some—for instance, Theodore—are the oldest irrigation schemes in Queensland and are constrained by small scale, aged, outdated and inefficient infrastructure.

The St George irrigation area was originally engineered to support the production of fat lambs, not cropping. In this area, the use of irrigation has evolved and changed considerably over time to what it is today. I have no doubt that, given the way in which irrigators embrace new technology, there will be changes in the future. I see a bright future for the St George irrigation area in food and fibre production.

Shadow minister Michael Hart, who I would like to thank very much, and I took the time to visit the St George irrigation scheme. We were given a very comprehensive briefing and an inspection by one of the irrigators of the St George pump station, the weir and the extensive channel network that transports water throughout this scheme. I have no doubt that the shadow minister would agree with me when I say that the St George irrigation scheme is particularly impressive, given that its original purpose was for the production of fat lambs. It has 112 kilometres of channels and pipes and 50 customers and irrigates 10,000 hectares of land supporting the production of grapes, at one time there were rockmelons—well known as moon rocks—and now there are onions, cotton and other small crops, to name a few. This scheme is a great contributor to agriculture and a massive contributor to the local economy of St George and the district. I would like to thank the shadow minister, the member for Burleigh, for taking the time to come out and talk with the locals and see firsthand the irrigation scheme at St George and also the infrastructure at Beardmore Dam.

We also looked at the small irrigation scheme at Cunnamulla. Unfortunately, that scheme is not able to be covered by this legislation. Most disappointingly, we learned that the lack of action by SunWater, when the growers there were in need of water, has really diminished the horticultural industry in that area. In fact, there is no horticulture of grapes left. SunWater was so slow in giving them advice in relation to their allocations that growing grapes became non-viable. The members of that scheme there would dearly love to move to local management but, unfortunately, this legislation does not enable them to do that.

I think it should be noted, too, that this legislation was commenced by the former LNP government. I would like to thank the member for Caloundra for the work that he did. I also note that, during his contribution to this debate, he mentioned Leith Bouilly, who I know personally. Leith did a tower of work to make sure that this initiative could happen. She did a lot of work to ensure that the LNP could make sure that this process started.

The other states have had the local management of irrigation for 20 years and it stands to reason that Queensland irrigators should have the same opportunity to evaluate local management options for their schemes. It is now 2017. Finally, after five years—probably after two years of sitting on someone's desk somewhere—this legislation is being debated in parliament. It would be remiss of me not to place on the parliamentary record one of the reasons this process has taken so long. We heard about that in the committee process. I understand the enormity of the detail of due diligence. However, it was quite interesting to hear what the departmental officers said when they were questioned about the delays that occurred at the change of government and if there were any specific delays. A departmental officer said to the committee—

There did seem to be ... a period of time ... when the decision was made to proceed with local management under this government and the announcement of the initiation of this project. I could not give you any further detail as to why that was. It was just obviously apparent that there was some delay. I think that was probably the most significant delay that I observed.

Perhaps the minister might outline to us, when he does his summing-up, exactly what that delay was. Obviously the department knows about it because they told the committee. Perhaps the minister might elaborate as to what that significant delay was that the department seems to be well aware of.

I have been keeping the irrigators in my electorate in the St George scheme abreast of the legislation's progress throughout the parliamentary processes. Their reaction last year when I had to tell them that the government had pushed forward the Cross River Rail legislation ahead of the Water (Local Management Arrangements) Amendment Bill debate on the parliamentary agenda was one of serious disappointment with the state government. The irrigators really want to get on with the process. They want to stop the delays and hopefully have a more efficient and cost-effective system using local management and a more sustainable price path into the future. I commend the bill to the House.