




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

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MINISTERIAL STATEMENT

Water Prices

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer and Minister for Trade and Investment) (9.51 am): I wish to set out the facts in relation to water billing in South-East Queensland following media reports today. The Queensland Competition Authority is reviewing Seqwater's pricing, and a draft report is due in November with the final report expected to be finished by March next year. As with any such review, the QCA's role is to make recommendations and the government's role is to make final decisions on those recommendations. I wish to state clearly that the Palaszczuk government will be making decisions that ensure no avoidable or unnecessary costs are passed on to SEQ water bills. There are options open to the government to ensure that water bills do not rise, including extending the 20-year price path for repaying the cost of the water grid. We will need to assess those issues when we receive the QCA recommendations.

Water demand in the region has been lower than expected; however, there is no expectation that lower consumption levels should inevitably result in consumers paying more for water. The price impact of lower demand will largely be offset by continued cost savings. As its owners, the government has consistently driven Seqwater to find operating and capital cost efficiencies. Consumption is down on average, but Seqwater has already made significant savings to offset reduced revenue. As the QCA stated, it set an operating cost saving target of \$50 million in the 2015 price review over three years and Seqwater has exceeded this target by around \$67 million over three years. Actual and forecast capital expenditure is also lower. Seqwater expects that the price impact from lower demand will largely be offset by these continued cost savings.

In the 2015 pricing review we saw prices decrease across five local government areas, including 6.7 per cent at Logan and 10.3 per cent at Somerset. It must also be pointed out that the bulk water charge makes up less than half—and in some cases only one-third—of a customer's final water and sewerage bill. Lower consumption also allows the deferral of the next significant augmentation of the south-east corner's water infrastructure until around 2040, which again reduces the cost borne by end consumers. Without the water grid, new water supply infrastructure would otherwise have been required as early as 2020-21.

I also wish to advise that my direction to the QCA specifically ruled out consideration of fixed network charges in the review and that the QCA was to focus only on volumetric pricing. The government will not be approving increased fixed charges on bulk water bills as a result of this review. I repeat: the government will not be approving increased fixed charges on bulk water bills as a result of this review. It is important to note that the earlier review of water prices under this government locked in lower prices for bulk water than under the previous LNP government. Our record concessions package of more than \$5 billion for five million Queenslanders already provides a subsidy of up to \$120 per annum to eligible pensioner property owners in the SEQ water grid.

Labor droughtproofed the south-east. The water grid's interconnected pipe network means that we now have an extra 85,000 million litres of water available for households, businesses and industry. Despite criticism from those opposite, the grid has proved its worth in times of potential water shortages as a result of natural disasters and will continue to do so.