




Speech By  
**Michael Hart**

**MEMBER FOR BURLEIGH**

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

 **Mr HART** (Burleigh—LNP) (4.24 pm): I rise to represent the LNP in this debate on the Water (Local Management Arrangements) Amendment Bill 2016. At the outset, I say that the LNP will be supporting the passage of this bill. Why would we not support the passage of this bill? After all, here we see a lazy, asleep-at-the-wheel government and a lazy minister handing in the LNP's homework. This is the LNP's homework and I am sure the minister is fully aware of that.

The local management of water schemes, similar to what is contained in the bill that we have in front of us today, has been introduced in other states, such as New South Wales, South Australia and Western Australia in line with the National Water Initiative of 2004. Before that there was, in fact, the 1994 COAG Water Reform Framework. This initiative has been around for a long time and it is about time it came to fruition.

The LNP fully supports the intent of this bill. As I said, the process started under the LNP. In fact, stage 1 commenced in 2012 when a working group was formed to look into the concept of local management to see whether such a concept was viable. In stage 2, an independent project team looked at detailed financial, legal and engineering due diligence. Extensive consultation with irrigators determined that there were eight schemes that could immediately transition. Six of those had full local support with the Lower Mary and Mareeba schemes needing to do a bit more work to garner support to get across the line.

I note that the stage 2 report at page 4 indicated that the key reasons for support for local management were that it would provide around 3,000 irrigators across Queensland with an opportunity to manage their own operations, it would contribute to the ability to manage the cost to modernise and expand the schemes and that local management would increase scheme productivity and remove ongoing subsidy funding to irrigators from the Queensland government which, of course, would be good for all Queenslanders.

We have to commend the people who are involved in these schemes in the various areas around Queensland. They are willing to dedicate their time to the management and get involved in something that they think they can run better than, in fact, the government has run in the past. There is no doubt that many of these landholders, many of these irrigators and farmers would have felt that they were paying in excess for their water and that, if they had control of their local management schemes, they could do a far better job. The LNP agrees with that. That is why, when we were in government, we started this process.

Stage 2 of the process was finalised in September 2014—just before the change of government. The Labor government came to power at the 31 January 2015 election. It did not do anything at all about this process for nine months.

**Mr Bailey** interjected.

**Mr HART:** Take the minister's interjection. Stage 2 was concluded and a report was written in September 2014. Stage 3 did not, in fact, commence until October 2015. Almost a year has gone by before we move from stage 2—which gave a report that said that we are ready for this, this can happen now—to stage 3.

**Mr Bailey** interjected.

**Mr HART:** The minister has an opportunity to rebut this later. I am quite happy to sit here and listen to the minister's response at that time. I will listen diligently when he gets to his feet again. It is quite clear that this is not a Labor bill. One can tell that from the minister's introductory speech. From memory, it was of about three minutes duration. I am glad to see that the minister spent a bit more time in his second reading speech. This is a big issue. It involves millions and millions of dollars worth of state assets transferring to local management. This involves the livelihoods of many people throughout Queensland. These schemes are all over Queensland. We need to seriously look at this issue. I am glad that we have gone through this three-stage process to get to this point. This was started under the LNP. It has been slowed down by the Labor Party but, thankfully, it is finally coming to fruition.

A few months ago I was out in St George with the member for Warrego. I spoke to some of the people involved in these local management arrangements. They are excited. They want to see this happen. They are ready to take this on. They are willing to dedicate some time in their busy schedule to get involved in the management of these schemes because it is important to their livelihood. Let us not talk that down; let us, in fact, talk that up. Stage 3 has culminated in this bill that was tabled on 13 September 2016. We are basically looking at around a two-year delay from when we finished the second stage. It is a shame that it took two years, but we are here now and let us get on with it. As I said, the LNP will be supporting this bill.

This bill, as the minister has said, is enabling legislation. It puts in place the necessary legislation to enable local management arrangements to come into fruition over time. It also gives the opportunity for a fifth, sixth, seventh and eighth scheme under regulation to come to fruition when we get to the stage where those four schemes are happy with what has been negotiated and they are happy to take on the responsibility and move forward. While we have Bundaberg, Burdekin-Haughton, Eton, Emerald, St George, Theodore, Lower Mary and Mareeba-Dimbulah irrigation schemes initially, we hope to get all of them across the line over time. That is what the LNP opposition, and hopefully soon the LNP government, would like to see happen.

The bill amends the Water Act 2000 to restructure and transfer up to eight SunWater channel irrigation schemes to local management arrangements, otherwise known as LMAs. The government owned corporation, SunWater, owns and manages a regional network of bulk water supply facilities across the state supplying more than 5,000 customers in mining, power generation, industrial, local government and irrigated agriculture. SunWater currently owns and operates these eight schemes. They vary in size and complexity. As I said, I was out with the member for Warrego in St George and we went for a drive just out of town and I saw the scope of one of these irrigation schemes. It is amazing to see it. For a city MP—and I do class myself as a city MP; I have a bit of farming background, but I am a city MP—to get out and about in the country and to see these things is really amazing. We were taken around by a gentleman who is heavily involved in the irrigation scheme at St George. He showed us what the issues were, how the water came in off the river down from the dam. It was really quite amazing. He pointed out the issues that they were going to have with pump stations and the weir at St George. It was very interesting stuff. I would encourage all members of the House to get out and have a look at these things because they are simply amazing.

SunWater owns these schemes. They vary in size and complexity, the amount of water that is distributed, the range of crops grown and the number of customers. Some have many customers; some have a few. They are quite intricate because some of them require changes to land tenure, some of them have perpetual leases over part of the area and there is freehold land. The legislation needs to cover all of these things so that there are no issues going forward for the new proponents who have taken control of that freehold land or that leased land where their might be rights for people to cross over the irrigation scheme. There are access issues. All those issues need to be given great consideration over a period of time. Congratulations must go to the people involved.

The bill provides for a staged transition of those eight schemes, starting with Emerald, Eton, St George and Theodore, assuming that agreements can be reached on the final terms of transfer and support from those scheme customers. The minister told us that there were three schemes that had basically come to an agreement and one scheme had to go back to their board and talk through a few more issues to get it sorted to get those four schemes across the line. We are not reinventing the wheel

here. This bill uses a process that is very similar to other asset transfers that have happened in Queensland, such as QR, LinkWater, the SEQ Water Grid Manager into Seqwater and, of course, the 2011 GOC generator restructure regulation to merge a number of energy generators. We have a process in place and this transfer follows that process.

I thank the Infrastructure, Planning and Natural Resources Committee for its deliberations on this bill. This was a committee I was a member of before I was shifted to the shadow ministry. They always do a great job. I congratulate the members of the Infrastructure, Planning and Natural Resources Committee for the work they did on this bill. They did hear that the current scheme revenue does not cover the operating costs and that the gap is met by the state through a community service obligation. I think from memory the committee heard that that obligation is around \$4 million a year. There is a quantum of money that the government would be prepared to allocate to support these schemes moving forward in order to make them financially viable. We do not want to see these schemes transition to local management and not have sufficient funds moving forward to make them viable. We do not want to put them in danger of failing or we may need to look at taking them back. It is very important that the amount that local management entities receive as a separation payment, which is what we are talking about, gives them enough funding moving forward to carry on their business. It is very important that the quantum of that is right.

I am glad to hear that at least three of those groups have come to the conclusion that the money involved is satisfactory for them to move forward. In the committee, a concern was raised that the overall quantum that cabinet has approved is a fixed amount of money, that is, unless it goes back to cabinet it is not going to be changed. I am concerned that possibly it will be first in, best dressed and that there might not be any money left for others who become involved in the scheme. I would appreciate some guidance from the minister in his follow-up speech as to where we might be on that particular point.

The bill provides for an exemption for state taxes, fees and charges relating to any transfer of the businesses, assets and liabilities of SunWater to local management. Four interim boards have been established to undertake further investigations and to develop revised business cases into the viability of the four remaining schemes transitioning to local management. The minister said that 29 employees will move from SunWater to the local management groups. I would like to ask the minister about what happens with those employees. I note the explanatory notes—

**Mr Bailey:** I outlined it very clearly. Were you listening?

**Mr HART:** I take the interjection from the minister. Absolutely I was listening. I heard what the minister had to say. However, I have a further question for the minister. If he would like to pay attention, I am sure that he could take it on board and maybe come back to me. It might be a fairly simple question to answer. If the minister is across his brief, he might know what it is that I would like to know.

**Mr Bailey:** Ask the question, then.

**Mr HART:** If the minister would stop interjecting, I could probably get to the question. The explanatory notes—which are these green things here, for the benefit of the minister—at page 14 refer to the preservation of rights of transferable employees, stating—

The section also declares that the transfer does not constitute a retrenchment or redundancy or termination of employment and does not require SunWater to make payment in relation to an employee's accrued rights to annual, sick or long service leave.

In the bill, section 738B relates to the preservation of rights of transferrable employees and states—

The transfer of a transferable employee to an irrigation entity does not—

...

(f) require SunWater to make any payment in relation to the employee's accrued rights to annual, sick or long service leave irrespective of any arrangement between SunWater and the employee.

That can be taken a couple of different ways. I am hoping that the government intends that a transfer of employees to an LMA does not require SunWater to make any payment. I want to know whether the payment for those employees' long service leave, holiday pay and other accrued entitlements is part of the overall remuneration package or separation payment that the entities might be getting. Given that these things can happen quickly or may take another year or two to come to fruition, is that amount of money a shifting target? All of those entitlements are accruing. Let us say that one of the LMAs makes a deal and says, 'We will accept this quantum of money.' When an employee transfers with their entitlements, on that particular day will any adjustment be made to that amount of money? We may be talking about only a small amount of money, but it may make quite a difference to some of those local management schemes going forward. That is what I wanted to talk about in regard to employee expenses.

I preface my remaining comments by saying that we support this scheme, which was originally put in place by the LNP. We started the staging process in 2012. It went through the whole term of our government. We were starting to move towards stage 3, so that the LMAs could be transitioned into private hands. We understand that the LMAs feel that they can manage the schemes better than the government did. However, I want to talk about the hypocrisy of this government and this minister when it comes to things such as this. This is an asset of the government. I do not think anybody can argue about that. This government asset is worth millions of dollars and it earns income.

**Mr Bailey** interjected.

**Mr HART:** I take the interjection from the minister. He just said that it loses money. I have heard from every member on that side of the House and, in particular, the minister that they are keeping down government costs by keeping Queensland assets in government hands. I have heard that constantly from this minister.

**Mr Bailey:** Public hands.

**Mr HART:** I stand corrected: in public hands. This minister continually says to us that we are saving money by keeping these assets, which belong to the government and are worth millions of dollars, in public hands. However, here we are, moving public assets into private hands.

**Mr Bailey:** Community hands.

**Mr HART:** I take that interjection as well: we are moving them into community hands. That shows the hypocrisy. What we continually see from the other side of the House is that they say one thing and do something completely different. One has to ask oneself: if an asset does not make money anymore, is it the plan of this government to sell or shift that asset or to pay someone to take it off their hands? Is it the plan of this minister to run down Queensland assets in order to get rid of them? If so, I can tell the House that they are doing a fine job with our energy assets. The government is setting a 50 per cent renewable energy target that is going to mean an \$18 billion hit to the Queensland government. There is a \$10.8 billion subsidy required to get to that—

**Mr BAILEY:** I rise to a point of order. I do not believe there is any mention of renewable energy in this bill. The member really needs to come back to the actual bill that is before the House for consideration.

**Mr DEPUTY SPEAKER** (Mr Stewart): Thank you, Minister. Member for Burleigh, I remind you that you need to remain within the long title of the bill. I think you have strayed from that. Please come back to the bill.

**Mr HART:** I am speaking about the local water—

**An honourable member** interjected.

**Mr DEPUTY SPEAKER:** Thank you! Member for Burleigh, this is not a debate. I have given you a direction. Please follow it.

**Mr HART:** I think you can see where I was going with that. If you do not want me to continue, that is all good.

**Honourable members** interjected.

**Mr DEPUTY SPEAKER** (Mr Stewart): Members, can I ask you to please listen to the member in silence.

**Mr HART:** There will be a number of amendments moved to this bill during consideration in detail. I would like to thank the minister for the briefing on those amendments provided by the department the other day. As the minister said, most of them are technical in nature. The LNP has no issue with the technical amendments. I can assure the minister that we are happy with those particular amendments. However, I will speak to one of the amendments for which I would like a bit of clarification. When we get to consideration in detail I will raise that particular issue.

I conclude my remarks on this bill by saying that the LNP fully supports the movement of these particular water schemes into local management arrangements. It was something that we were very keen to see happen in our term of government, but we did not quite get to that stage unfortunately. We will fully support this bill.

I congratulate those people involved in these schemes because they are putting a lot of time and energy into something that—

**Mr Bailey** interjected.

**Mr HART:** The minister wants to take credit for that. I was actually talking about the people in regional Queensland who are putting their time and energy into this. I thank those people for the time and energy they are putting in. It does affect their livelihoods. This is not their core business. It impacts their core business but it is not their core business to manage these sorts of schemes. I congratulate them for being involved in the process.