

Thursday, April 07, 2011

## PREMIER SAYS ENOUGH IS ENOUGH – WATER BLAME GAME ENDS

Premier Anna Bligh has moved to end the water blame game and slash water bills with measures to force local governments to accept their responsibility for water pricing.

The changes to the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009, which were announced in Parliament today, will also cap distribution and retail annual water and sewerage price increases at CPI, which currently stands at 2.7%.

“For the community on the Gold Coast where Allconnex was proposing a price increase in the next financial year of \$208 for a typical household. The price cap have announced today will mean the maximum increase to the average household from the council owned entity will be \$83 – a reduction of \$125,” said the Premier.

“For the Great Brisbane area where Queensland Urban Utilities was proposing an increase of \$110 for a typical household, the price cap announced today will mean the maximum increase to the average household from the council owned entity will be \$74 – a reduction of \$36

“For the Sunshine Coast Region where Unity Water was proposing an increase of \$180 for a typical household, the price cap announced today will mean the maximum increase to the average household from the council owned entity will be \$78 – a reduction of \$102.

“Enough is enough. The blame game on water ends today.

“The government has decided to repeal the sections of the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 which require the distribution and retail entities.

“This means that Councils who wish to return to their previous structure will be able to do that and those that wish to retain the current entities can also do so.

“It means councils will be solely responsible for the price of water charged to their ratepayers and it means that they will no longer be able to justify the charade of blaming the legislation, the utilities they established or the boards they appointed for the price gouging.”

The Premier said the State Government would continue to produce and treat the bulk water that is delivered to the water utilities.

“We will also continue to operate the water grid that shares water across the SEQ region and gives water security to all its citizens,” she said.

“What this announcement means is that SEQ Councils will be responsible for how water is distributed and retailed and how much they charge. These decisions will rest solely with councils.

“It will be open to SEQ councils to opt out of their utility company and operate distribution and retail as a business unit of their council and set the price that way.

“Equally it will be open to councils to opt to retain the utilities in their current form with the councils still holding absolute power to set the price of water bills.

“I hope it means that the dishonesty and confusion that is being peddled to people in the South East will stop once and for all.”

The Premier said the Government accepted that councils have many matters impacting ratepayers to take into consideration accepted it may take time for them to adapt to the new arrangements.

“But ratepayers are entitled to water pricing certainty during this period, and for this reason the Government will legislate to limit the annual increases in water and sewage costs to CPI, which currently stands at 2.7%,” she said.

The Premier said that in 2004 when South East Queensland was entering into the worst drought in over a century local Governments across the region had control of planning, building and maintaining water infrastructure.

“Here in South East Queensland we live in one of the fastest growing regions in the world and it had become clear that we needed a plan to secure water for more than 2.5 million people who call the South East home,” she said.

“It is a fact that local Governments had been making revenue from water for decades. It is also a fact that they had shirked their responsibility to reinvest that revenue in infrastructure.

“Not one major dam, not one new water storage facility and not one new water manufacturing water source has been constructed by Local Government in more than 20 years.”

Premier Bligh said that as the drought bore down on the South East the Government discovered a system of council owned pipes that had been so poorly maintained that they were losing 57 million litres of water a day on leaks alone.

The Government had to spend \$33 million to fix these pipes. The Government also invested over \$220 million in rebates and saw rainwater tanks go from negligible levels to over 1 in 5 homes in SEQ and implemented the Home Waterwise program to over 220,000 homes at a cost of \$40 million.

Local Government had no plan to secure water supply and State agencies found themselves in the position of trying to persuade them to participate in working groups.

“It was under these circumstances that the State Government put forward a plan to secure water supply for the South East Queensland,” said the Premier.

“That meant building infrastructure, to produce water when the rainfall stopped and we did that with a desalination plant that can produce 125 ML of water every day and which proved so vital during the recent natural disasters.

“It meant building infrastructure to store water and we did that with Wyaralong Dam and the Western Corridor Recycled Water Project to supply power stations and industrial customers.

“And it meant building infrastructure to move water to where it is needed and we did that with a 400Km network of pipes between Brisbane, Gold Coast and Sunshine Coast that can move 455 ML water across the region daily.

“This government stepped in to build this infrastructure at a cost of \$7billion – a massive investment in the future of this State because we needed to secure the future of this region and the safety and lifestyle of its citizens.”

Ms Bligh said the current water distribution structures were then implemented as a direct result of a submission from Campbell Newman, then Chairman of SEQ council of mayors.

She outlined how a letter of May 2009, from the SEQ Council of Mayors, sought a structure that would deliver:

- \* Three vertically integrated commercially orientated water businesses as separate legal entities with boards nominated by council owners comprising a majority of independent directors

\* The separation of water and sewage bills from rates bills

\* Pricing for a transitional period to be the responsibility of the businesses

“The Government listened and then delivered what councils had asked for,” she said.

Ms Bligh said that Queenslanders now had the right to now question whether the initial decision to establish the water entities under this structure was the correct decision.

“Working with South East Councils and implementing their preferred structure placed a great deal of responsibility on councils to protect ratepayers from massive price hikes,” she said.

“Clearly this has not happened, and I was wrong to believe that Councils would take the necessary actions to protect ratepayers.

“As I have listened to ratepayers across the South East they have said enough is enough and I agree. The blame game on water must end today.”

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