

## **WATER SUPPLY — DUNSBOROUGH**

### *Grievance*

**MS L. METTAM (Vasse)** [9.38 am]: I thank the Minister for Water for taking this grievance. My grievance today is about two aspects of supply of water in Dunsborough: the shortage of water supply for greenspaces in Dunsborough and the government's delay in diffusion of responsibility to the City of Busselton to address this important community issue. I have been working for many years with sporting groups in Dunsborough to try to resolve the critical issue of water supply for public open spaces, ovals and school grounds. Dunsborough currently has no water available for non-potable purposes and these greenspaces are currently watered with expensive potable water supplied by the Water Corporation from a network of low-yielding bores. The former Liberal government had in-principle approval for the transfer of Dunsborough water and Busselton drainage assets from the Water Corporation to Busselton Water. The proposal would have seen efficiency gains, lower treatment costs and scheme optimisation. Also, the Dunsborough scheme would no longer have required an operating subsidy, resulting in increased returns to government through increased dividends. The proposal would also have provided non-potable water for watering public open spaces, the Dunsborough Lakes Golf Club, sporting ovals, the Dunsborough and Districts Country Club and local schools. It was an innovative and affordable plan that would have provided a non-potable water solution for green spaces and provided long-term water source security for Dunsborough. It also included the capacity to deliver a solution for the Dunsborough community in the immediate future.

The Labor government was elected in March 2017 and the Minister for Water announced that this proposed transfer of assets would not proceed. Subsequently, in a 23 June 2017 letter to the editor of the *Busselton Dunsborough Times*, the minister stated —

At present, the Department of Water is undertaking a study into how non-potable water can be supplied for the coastal strip from Binningup to Dunsborough.

The study will be completed later this year and I have asked the department to fast-track the development of options for Dunsborough prior to the completion of a final report.

Through parliamentary questions asked in December 2017, it was then revealed that the report had been pushed back and would be completed in the first quarter of 2018.

Fast-forward almost a year, and on 8 November 2018, after further follow-up questions from my upper house colleague Hon Jim Chown, Minister MacTiernan advised the house that, yes, the report had been completed, and —

- (4) The City of Busselton is responsible for progressing development of a non-potable supply for Dunsborough.
- (5) The City of Busselton will prepare its final costings and project staging once its hydrogeological investigations are completed.

I would like to thank the minister for tabling this report but I am appalled at the length of time this has taken and at his response. Firstly, I am shocked that he has passed responsibility for this issue to the local government authority. We need government action on a longstanding issue that the former Liberal government had a plan to address. Secondly, I am disappointed at the government's lack of transparency in redacting the costings of all options in the report.

When the minister first announced that the transfer of Dunsborough water assets would not proceed, he estimated that the transfer would cost the state government between \$3 million and \$12 million over the first three years. As far as I am aware, this was not set against the estimated increased returns to government of between \$7 million and \$21 million. The minister later said it would have no likely benefit for customers and would cost the government overall. I have yet to see any of these claims substantiated. The community deserves to be informed about what the costs are of progressing the proposed options and the costings—tabled by the minister on 8 November 2018—for potable and non-potable water supply to green spaces in Dunsborough.

My second issue is the government's lack of transparency around price hikes for regional Water Corporation consumers south of Perth, and particularly Dunsborough consumers.

**Mr D.J. Kelly:** Sorry, member, what was your second issue?

**Ms L. METTAM:** The government's lack of transparency around price hikes for regional Water Corporation consumers south of Perth, and particularly Dunsborough consumers.

As part of the state budget 2018–19, the McGowan Labor government announced a six per cent across-the-board increase in water prices. The new category of “water guzzler” was introduced for those in the third tier of the tariff

structure in the metro area. This kicks in at usage of 500 kilolitres, at a price of \$4.44 per kilolitre. In Dunsborough, the greater price of \$4.48 per kilolitre kicks in at the use of 300 kilolitres—200 kilolitres less than in the metro area. This increases again at 550 kilolitres to a whopping \$6.72 per kilolitre. If a household in Dunsborough used 500 kilolitres, it would cost \$1 520, or a nearly 15 per cent increase on last year's tariff. The same usage in Perth would cost \$1 100. If, heaven forbid, the Dunsborough customer used 700 kilolitres, it would cost them nearly \$1 000 more than it costs their city counterparts. Of course, because there is no non-potable water scheme, this is being imposed on the City of Busselton, sporting clubs and even schools that are still forced to water their ovals with expensive potable water.

Similar outrage has been expressed by the Dunsborough business community regarding significant increases in non-residential water consumption. As recently reported in local media, for some businesses the increase is in fact up to 37 per cent. I am concerned about the minister's lack of transparency on these increases and about his failure to address the critical issue of water supply in Dunsborough in our drying climate. The 2016 proposed transfer of ownership of Dunsborough water and Busselton drainage assets from the Water Corporation to Busselton Water would have put downward pressure on water prices in Dunsborough, as services would have been appropriate to requirements and delivered in a more cost-effective and efficient way.

I have a petition, which I will present before the end of the year, calling on the government for more transparency and asking that the McGowan Labor government review the business case proposal for Busselton Water. We live in one of the fastest-growing regions in Australia, so demand for water and pressures on the environment will continue to grow, and we need an immediate, efficient and environmentally suitable solution to the concerns I have raised. I thank the minister for taking the grievance.

**MR D.J. KELLY (Bassendean — Minister for Water)** [9.45 am]: The member for Vasse did not give me many details on the issues she wants to traverse, so I will respond as well as I can. The first issue she raised was the issue of non-potable water in the Dunsborough area and the proposal for Busselton Water to take over some assets from the Water Corporation to deal with that.

Far from the previous government having a plan for this issue, the previous government really had nothing much more than a thought bubble. The member first raised the issue back in December 2014. She was quoted in the local press as —

... calling on water minister Mia Davies to approve a proposal which would see Busselton Water take over Dunsborough from the Water Corporation.

The change would see Busselton Water manage the non-potable water which is utilised to irrigate schools, golf courses and public open spaces in Dunsborough.

The article went on to state —

Ms Davies said she had received the letter and plans to respond to the MLA in due course.

So the member for Vasse raised this proposal with the then minister in December 2014, when she was in government, and the response from the minister was absolutely noncommittal. Nothing more was heard on the issue from the then government until the caretaker period in the lead-up to the 2017 election, and when it was, it was not announced by the Minister for Water—one of the member for Vasse's colleagues—but simply announced, again, as a thought bubble from the then Premier. *The West Australian* of 17 February 2017 reported —

Busselton Water is expected to take over the Dunsborough–Yallingup Water Supply Scheme in the coming months, Colin Barnett has confirmed.

This is his quote —

“Cabinet has approved that to happen, so you can expect it to roll out over the next few months,” he said.

“There are just some technical details to be worked out. It's being signed off on.”

It was not the then Minister for Water saying that this was a good idea, but the then Premier, in the election period, presumably to assist the member for Vasse in her battle with the National Party to win the seat. The Premier said that there were just a few technical details and that it would happen within the next few months. When we came to government, we asked what work had been done on this proposal. We discovered that, far from it being a done deal, it was not a done deal at all. Busselton Water had put up a proposal that was not supported by Treasury because Treasury had identified, on a whole-of-government costing, that it would have cost the state government rather than save any money. It was not supported by the Water Corporation because the proposal involved the Water Corporation handing over millions of dollars of assets to Busselton Water without the Water Corporation being compensated for that loss. The question was: who is going to pay for that loss of assets to the Water Corporation? There were questions asked about whether special legislation would be required for the government to force the

Water Corporation to participate in the deal. As I said, the overarching concern we had was that it would actually cost the government money, from a whole-of-government perspective, rather than save any money.

The member for Vasse might want to listen to the answer, seeing as she has asked me to respond to the grievance.

The Busselton Water proposal actually had no commitment to lower prices for Dunsborough residents, so we made the decision—it was not a difficult decision—that to proceed in the way that the member for Vasse was suggesting would not be in the financial interests of the taxpayers of Western Australia, including the people of Dunsborough. It was a poorly thought out proposal from a whole-of-government perspective. I am not critical of the people at Busselton Water. They put up a proposal that from their perspective they thought was advantageous, but when we looked at the whole-of-government perspective—that is probably why the then Minister for Water, Mia Davies, was not interested—it was actually going to cost us more money.

Since the election, the Department of Water and Environmental Regulation has identified seven areas in the south west that are challenged for water, particularly a non-potable supply. Climate change is impacting upon the south west of Western Australia in a more severe way than most places on the planet. The department has identified seven areas where work needs to be done. Dunsborough has been given top priority because of the shortage of water there. The department has been working with the Water Corporation and Busselton Water to come up with a solution. There is now a preferred option, which I understand the City of Busselton is costing. We released the report to the upper house, which outlined some of those options. Some of the information was redacted was because it is commercial-in-confidence; some of that work has to go out to tender, so we do not want that to be in the public domain. We are prioritising the people of Dunsborough and will resolve this issue in a way that the member's government never did for the eight and a half years it was in office. On the issue of price increases in the last budget, the member will be aware that when we came into government, we inherited a budget that would have seen six per cent increases across the board, including for commercial operators. The increases that commercial operators have experienced were hardwired into the budget by the previous government, so I find it hard to understand the member's complaints. If the member would like more information about the other issues she has raised and she can give me some warning of the matters that she would like to discuss, I would be happy to provide her with further information.