

WATER SERVICES BILL 2011

Third Reading

MR W.R. MARMION (Nedlands — Minister for Water) [9.19 pm]: I move —

That the bill be now read a third time.

MR M.P. MURRAY (Collie—Preston) [9.20 pm]: I will lead off on the third reading of the Water Services Bill, which I have some severe and very worrying concerns about. I will start by commenting on the rising costs of water experienced by people in the south west, especially those in Busselton, Australind, Eaton and Bunbury. In my view, this bill allows the pricing to be levelled out with Perth pricing. That will have a huge effect on the people in the south west. These people are already struggling with the rise in the cost of living that has occurred under this government. Now we will have another rise, which is a large impost on many of the families in the south west. Some of those people in the mortgage belt will really struggle to put up with this new tax that will be charged by this government.

Over the years both the Busselton and Bunbury Water Boards, under Aqwest and Busselton Water, have been run locally. The people on the boards, who were sourced locally, certainly put their heart and soul into them. Many good business people and people from the community have served on those boards. They kept the price of water low and the quality and the upgrades were all up to standard, and now they will be penalised by this government for doing a good job. This government wishes to rip off the people of the south west by taking the profits away and bringing them to Perth. A huge number of subdivisions in the area are all being worked on by contractors, developers and the boards as well. They have done a magnificent job. People from both sides of the political spectrum have served on those boards. There has been no animosity that I know of on those boards ever. People have come and gone. At times they were shifted by ministers. The animosity that we tend to get in large organisations has not been there. The funding was put straight back into the boards to make sure that the infrastructure was good.

If we use last year's figures, we see that \$1.22 million will be siphoned out of Busselton and put into the Water Corporation's coffers. There is an issue with the people of Busselton about fluoride in their water systems.

Mr W.R. Marmion: And chlorine.

Mr M.P. MURRAY: Yes, fluoride and chlorine. Local people in those country towns have their disputes and then they move on. Occasionally, one or two want to keep running the argument for a bit longer than most. It is about the community making the decisions that suits it. Once we take that away and centralise, we will lose that. I think this bill is a step in the wrong direction. It will put up costs and there will be no extra services. People will have to find money to pay their bill in a tight economy. Not everyone is in the mining industry.

I will look at some of the areas that are serviced now. I have not had a complaint from Australind until just recently. Maybe people knew that something was wrong. In recent times there has been a fair bit of publicity about the dirty water issue. They will sort that out if they are given some direction that they are going to stay where they are and the money will not be siphoned off. Last year the Bunbury arm of the water board, Aqwest, had a small loss of about \$100 000. That is nothing in the scheme of things for what it has done over the years—nothing that could not be redeemed. It has increased the price of water very slightly over the last few years. I think there were increases of about three per cent and three per cent and then seven or eight per cent. We understood that costs and services went up quickly last year. The boards have been good. They have not been like this government and absolutely gouged the people when supplying water. We do not see rises of 18 per cent down there. We see rises that are reasonable. The minister can laugh.

Mr W.R. Marmion: I have been distracted.

Mr M.P. MURRAY: I will let him off then. I thought he was doing a Troy Buswell.

I see reasonable increases in the cost of water for the south west against savage increases for the city areas and outer city areas. Why should it change? Why should we move to something that will cost more and not give a better service? I do not understand why anyone would want to make those moves. Why does this government want to put pain on itself and in some ways probably reduce services because the boards will be changed? Under the act the local boards have to be made up of local people. That will change. These areas will be driven from Perth over a period of time. Nominations will come from the city. I am sure that people in the city wishing to make a mark will move in and take over those jobs in the country areas that people have done so well.

We could end up seeing increases of up to 45 per cent or more in the price of water under this new bill starting at the end of this month, I think. I may have misread that; it could be next year.

Mr W.R. Marmion: There will be very little change to the way both the Bunbury and the Busselton Water Boards operate. All this does is open up the opportunity for them to compete in a bigger market.

Mr M.P. MURRAY: The whole point about this is: why should these people pay extra? The water comes from the local area. The water table has not been affected at all because of the sandy soils down there, and the amount that has been taken out over the years has been replenished quite easily. It is not like the issues affecting the Gngangara mound, which has been over-pumped by 10 or 12 metres. Great water comes out of the south west. There are no real problems with lime —

Mr W.R. Marmion: Are you talking about what Water Corp charges people in Australind or what Bunbury charges people in Bunbury?

Mr M.P. MURRAY: I missed that.

Mr W.R. Marmion: I think I know where you are going.

Mr M.P. MURRAY: Sorry about that; I just could not hear the minister. Local people are running the boards and the water comes from the local area. Everything is local and the government is about to put an impost on the people in those areas. The member for Bunbury should be in here supporting this side of the house because he will see his constituents hammered by these savage increases. I do not think that is in any way fair when the extra money that will be made will come back into the city. There will be two separate systems. Why does the government want to do that? The only reason I can see for doing that is to take the money out and bring it back into the city. I do not understand where the minister is going on that one.

I received some emails today. If people are going to pay those increased prices, they will want the proper services and the maintenance that goes with that. People in the Australind area are getting brown water. There has been quite a bit of publicity about that. If they fill up a bath, they cannot see the bottom of the bath. What have they been told to do? They have been told to run the taps until the dirty water goes out. Who pays for that? They do. A centralised body will be doing the maintenance for Homeswest. At the moment these guys have those services on tap. The minister should not tell me that we will have the service groups coming out of a central area such as Perth and people will have to wait a week before they get serviced. I do not know how that will work because the minister has not told us how that will work in the future. There will be changes, and no doubt some job losses will come with that. Again, country towns have been punished for being good at what they do and standing up and producing their own products and looking after themselves because of the pride they have in their work. Will the services be located in Bunbury? Will the services be located in Busselton? I do not know because this bill does not tell us. If we use Homeswest as an example, we will have a centralised system that does not work. Most people in the south west know that the Department of Housing system does not work. A lot of small businesses have gone to the wall because they could not get the system to work. What is going to happen with the water board system that the minister is going to put in place in the future? I would like to hear an answer to that question when he responds.

I was quite surprised by the make-up of some of the boards, especially in the Busselton area. They have a government taint, if I can use that term. There are people down there who have come out of the system. Some of them might even be Liberal Party branch members. The minister might upset a few of the branches and lose some numbers. Traditionally, the people who are better known tend to get the jobs, depending on which government is in power. I understand that at the moment quite a few of them come from what we would call the government side. They are not going to be too happy with the minister.

The biggest issue in the future will be the cost to consumers. As at 1 July, the Water Corporation will charge the average household 119.2c a kilolitre for the first 150 kilolitres of water used and 153.5c a kilolitre for the next 200 kilolitres used up to 350 kilolitres. Aqwest charges 46c a kilolitre for the first 150 kilolitres and 86c a kilolitre for the next 150 kilolitres up to 350 kilolitres. That is a massive increase that people will have to pay. That sort of pricing is unbelievable. If the minister thinks there has been a bit of noise in the city about water prices, wait till the people in the south west see their bills. It is nothing more than a hidden tax; that is all it is. I have heard the Premier talk about the carbon tax and other taxes. This is a water tax in the south west. The minister also has a view about charging people for their dam water on farms in the future. I am sure that the people of Northam will not have to do that, but those in the south west might have to do that in the future. I understand that that is where the Minister for Water is headed. That is causing some problems, especially in National Party electorates. In Minister Redman's area, they are in trouble. The Premier can laugh, but I have had a little dollar bet on the side about the responses of the people down there.

My mind boggles when I see these sorts of increases. No doubt there will be some press releases and we will see the reaction of the people in the Bunbury area. I think there will be more of that reaction to come. I was at the small business awards in Bunbury a couple of weeks ago and I was surprised to hear the local member, Mr Castrilli, singing the praises of what Collie got out of the budget. I thought that was a little strange for the

member for Bunbury. He said that Collie got \$45 million worth of maintenance for the Muja power station. We have to have maintenance; if there is no maintenance, there is no power. What a way to bulk out the figures by saying what happened in the south west. He went on to refer to the \$10 million for the Coalfields highway. That is fine; I do not have any argument about that. But what could he say Bunbury got? Nothing. He did not have a good word to say about what Bunbury got out of the budget. Now the Minister for Water is going to put this large impost on the people of Bunbury. Do not be surprised if there are some shocks on the political scene. I have said it to the Premier many times in this place: do not forget how quickly things change. I am sure that he thought he had trodden on a cane toad and poisoned his foot in the last month, because he certainly has not been the happiest chappie in the house for a few weeks. He has not even been able to win a branch argument, let alone a political one. That is where we are headed. It is all fun and games at the moment, but government members need to remember what I have been saying for four years: the chickens are starting to come home to roost because the government has not listened to the community.

Mr C.J. Barnett: I am going to head to Collie.

Mr M.P. MURRAY: Be careful. The Premier may get lost on the way. He will need to make sure he sets the GPS properly!

I must make a correction in the house while I am on my feet. For the sake of *Hansard*, I made a mistake and misled the house the other day when I said that the Premier had been to Collie only once. I must correct that. I checked my diary. He has been there twice. It is a shame. It is the powerhouse of the south west and the Premier cannot come down to Collie, but he wants to run the place down. It was certainly great to see the reaction of the people of Collie when I showed them the article in which it was reported that the Premier tried to induce Grange Resources to use gas-fired power down there. We will see the same reaction from the people of Bunbury about the water issue. In some ways I say thank you, because it makes it a little easier to get re-elected. The government is not listening to the community. The same thing is happening with the water issue. Mrs Michelle Brooks is beside herself that the water is so filthy that they have to run the tap for half an hour until the water runs clear—and they have to pay for the water that runs down the drain. I am sure that the minister will make some noise after today and give that a shake-up to make sure that the people in that area have proper services. If there are problems now, can members imagine what it would be like if that service was run out of the city? People would have to wait for maintenance crews to do the work.

I believe a lot of things are hidden. I have heard the Premier say that his privatisation agenda has stopped. Has it not?

Mr C.J. Barnett: No, I did not say that.

Mr M.P. MURRAY: He picked a few that he said he was not going to privatise. That is probably a better statement. I see Water Corp being set up for sale. Because the government has over-borrowed, it will have to sell Water Corp. That is what I see.

Mr C.J. Barnett: You see wrong. The Water Corporation will not be privatised. It is as simple as that.

Mr M.P. MURRAY: I will repeat that just to make sure it is in *Hansard*. The Premier is saying that —

Mr C.J. Barnett: The Water Corporation will not be privatised.

Mr M.P. MURRAY: That is under the Premier's leadership. We know that when the Minister for Police takes the Premier's job, that will change.

It provides an opportunity in the future for Water Corp to be privatised. I have some problems with that. That is one step towards putting in place a cost that should not be there and putting in place a system that will not work well for the people of the south west. We know how precious the people of the south west think the Yarragadee aquifer is and that they think that the Yarragadee should be kept for themselves. But under this plan, it could be one integrated system in which water from the Yarragadee is pumped back into Perth to make up for the problems to the north of Perth. It could be an integrated system such as that used for electricity. There would not be many pipes to hook up after the extension to the desalination plant is in place, but once there is an extension of the desalination plant and those pipes are put in, there is not a very long run to hook up the whole of the south west. The price will be the same. The level of service will drop and the control that the people of the south west have at the moment will be lost. I will be very interested in the minister's comments, but as a side issue I hope that at least by tomorrow the minister will look to see whether he can help those poor people in those areas where the water is filthy and the kids are getting skin rashes and those sorts of problems. I would appreciate it if the minister would take that on board, because in this day and age—we are not a third world country—we should not have that situation. I will sit down and listen to the shadow minister first and then to what the minister has to say about what he will do into the future. Unfortunately, it is not a good finish at this stage.

MR F.M. LOGAN (Cockburn) [9.42 pm]: I will speak on the Water Services Bill 2011 but not the next bill, the Water Services Legislation Amendment and Repeal Bill 2011. I will restrict my comments to the bill we are dealing with. We have been proceeding with this bill quite quickly. We have only been going since last October, so we have done our very best to get this bill through the house as quickly as possible for the government! There again, I really put that fairly and squarely in the hands of the government, because the Water Services Bill was ready to go when Labor left office in 2008, and for reasons only known to the two water ministers of this government it has taken nearly three years to bring this bill before the house. It was on the basis, supposedly, of further changes in consultation. I did not hear any explanation from the minister about any consultation that had gone on that had brought any changes to the bill. Nevertheless, there were changes to this bill from previous drafts, so I certainly acknowledge that those changes have been made by the current government, but whether those changes are any good remains to be seen. I criticised the minister on some of the things he has included in this bill, which basically will be a rod for his own back, and I will go through a few of those. Firstly, when I was trying to extract from the minister how the new contracts he has signed with the Transfield–Degrémont–Suez operational maintenance alliance on Water Corporation assets around metropolitan Perth would be covered by this bill, particularly should something go wrong with those assets, and how the chain of responsibility is going to be sheeted back to those alliance contractors if they are found to be responsible underneath this legislation. The minister not only did not answer that but he ran away every time I raised the issue of these alliances. Those are very important issues for the people of Western Australia, and particularly this house, given the nature of the contracts and that those contracts are worth hundreds of millions of dollars, and we are talking about absolutely critical assets for the state of Western Australia. They are our water and sewerage assets, and anything that goes wrong with them places the state at great risk. I certainly could not see how those new alliances that the minister has signed up for are properly covered by the Water Services Bill, particularly in terms of the chain of responsibility.

Mr W.R. Marmion: As the member knows, these bills consolidate the existing bills into nice simple legislation. It does not change the micro-detail of the way the Water Corporation operates.

Mr F.M. LOGAN: I understand that is what the minister thinks, and that is where he is wrong.

Mr W.R. Marmion: I think you are wrong!

Mr F.M. LOGAN: I know exactly what the minister is doing. He is repeating what he has been told by the department.

Mr W.R. Marmion: I have run about 30 contracts, member. I have written contracts and I have supervised contracts and I know how they work.

Mr F.M. LOGAN: I know the minister has, but it is slightly different —

Mr W.R. Marmion: How many have you run?

Mr F.M. LOGAN: I have also been in the minister's shoes, and I know what it is like to take responsibility for people who provide services to the state and they go wrong. From when I was sitting in the minister's seat, I know what it feels like when they do go wrong. I am pointing out from my own experience that the minister needs to ensure that all those areas of possible risk to the state have to be covered by the water services legislation. The minister signed off on this contract after this bill was written, and consequently, it is not covered by this bill. The minister thinks it does not matter anyway because the bill only covers legislation that is extant and all he is doing is bringing it together and ultimately it deals with the Water Corporation, so what is the problem? But the Water Corporation has handed over all its assets for operations to a private contractor.

Mr W.R. Marmion: It has not! The assets are still owned by the Water Corporation.

Mr F.M. LOGAN: I know they are.

Mr W.R. Marmion: You just said they have handed over the assets.

Mr F.M. LOGAN: The minister still does not get it!

Mr W.R. Marmion: You don't get it!

Mr F.M. LOGAN: The minister might well have run contracts, but this is legislation that covers the running of those assets. The minister still does not get it. The other issue as I pointed out to the minister is handing over control of his ministerial responsibility to the Water Corporation. This bill actually hands more over to the Water Corporation: it takes more power out of the minister's hands and puts it into the Water Corporation's hands. This is the very issue that the Premier was on his feet talking about only 30 minutes ago. The Premier was saying, Minister for Water, that governments make mistakes in doing those things and handing over that power out of ministerial responsibility to government trading enterprises. I pointed that out to the minister when we went through the content of the bill, and the minister completely rejected it. Yet the Premier was on his feet only 30 minutes ago saying exactly the same thing that I said to the minister when we were dealing with the bill in

consideration in detail. I find it ironic that the minister simply dismissed the criticisms that I had about particular clauses in the bill, which he should have been on top of as the minister and not let his power be handed over to the board and to the CEO of the Water Corporation, particularly when things go wrong, because he will still wear them. The irony of that is the very fact that the Premier stood in this chamber only 30 minutes ago and said exactly the same thing: successive governments have made those mistakes. The minister has made a mistake in this bill by handing that power over and dismissing my criticism of that.

Mr P.T. Miles interjected.

Mr F.M. LOGAN: What is the matter with the member for Wanneroo? Will he repeat that? Does he want to repeat that! He never says anything in this chamber anyway and when I ask him to repeat the rubbish he has interjected with, he has not got the guts to.

The final issue I will come to relates to the issue that was raised by the member for Collie–Preston. The member for Collie–Preston was driving at what the next bill does, and I will include those comments now rather than wait for the next bill. Basically, the Water Services Legislation Amendment and Repeal Bill 2011 will establish Bunbury Water and Aqwest as corporations as opposed to water boards. The concern that the member for Collie–Preston has got, as I have, is that in moving to become, effectively, government trading enterprises as opposed to ministerial owned and controlled water boards, they will pick up all the issues that go along with becoming government trading enterprises that the Water Corporation is now responsible for: dividends going back to consolidated revenue; local government rate equivalents going back to consolidated revenue; a cap on lending; and having to find a 2.5 per cent efficiency dividend. As the minister knows, that 2.5 per cent efficiency dividend increases for government trading enterprises in the out years and with the passage of this legislation, that will apply to Aqwest and Busselton Water. It will! Effectively, the member for Collie–Preston was saying that money will be taken out of those south west government-owned organisations and placed in consolidated revenue, and that is exactly right. That is exactly what is going to happen.

A concern also is that, being corporations and government trading enterprises, the Economic Regulation Authority will have a very, very close look at their cost of supply of water. At Busselton, the price of water is currently 62c a kilolitre for the first 150 kilolitres and at Aqwest it is 46c a kilolitre for the first 150 kilolitres, compared with the metropolitan price at the Water Corporation of 119.2c a kilolitre for the first 150 kilolitres. Suddenly the ERA will come back with a recommendation to the government that all water consumers across the south west of Western Australia should be paying the same amount for their water.

Mr W.R. Marmion: No, it won't.

Mr F.M. LOGAN: The minister shakes his head. Of course it will come back with that. The minister should watch. It will say, "Don't worry; you can increase it in stages." The point the member for Collie–Preston was making was that we will see increases in the price of water gradually over time for the people of Busselton and Bunbury, who have been luxuriating in very, very cheap water for a significant time—and for good reason. In Busselton, as the minister knows, the water is only about six metres below the surface. It does not cost much to get it out.

Mr W.R. Marmion: That's not likely to change, is it? It's still going to be there.

Mr F.M. LOGAN: It was very clean water, even though the government has chlorinated it and added fluoride to it now. Nevertheless, it is cheap water to produce. Regardless of that, that is not exactly how the ERA will look at it. It will put recommendations to the minister that will result —

Mr W.R. Marmion: It will look at what it costs to produce it and it will make a recommendation.

Mr F.M. LOGAN: Will it?

Mr W.R. Marmion: It has been doing that.

Mr F.M. LOGAN: It will look at exactly what people across the south west of Western Australia should be paying for their water, and we will see price increases for the people of Bunbury and price increases for the people of Busselton. Then we will see the profits generated by them, which will be significant profits, just like Water Corp's monstrous profits, being taken out of those corporations and put into consolidated revenue for expenditure elsewhere on other things around the state. That is the history of the corporatisation of Water Corp. I will bet the minister that that is exactly what we will see in the corporatisation of Aqwest and Busselton Water. That is the point that the member for Collie–Preston was raising, and it is a very, very good point.

Despite my criticism of the minister and the bill, we are nevertheless supportive of the legislation because it is in keeping with the drive to achieve the national objectives for water reform in Australia. They are objectives that were signed up to by a previous state Labor government and they are the ones we continue to agree to, and this bill is a reflection of those intentions. On that basis, we will support the legislation.

MR W.R. MARMION (Nedlands — Minister for Water) [9.53 pm] — in reply: I will reflect briefly on the comments made by members opposite. I thank them for their support for the Water Services Bill 2011. I guess they gave a bit of a backhander at the same time. They support the bill but perhaps they do not support me. I will be brief. I can assure the member for Collie–Preston that the introduction of these bills will not change what is happening currently at Bunbury or Busselton. They are both boards and they will change to corporations, but the status quo will remain. Members will not find that the price of water will go up in either Bunbury or Busselton, except in the normal course of annual reviews. So I do not think there are any problems there. I do not think I need to cover any other substantive point. There certainly will not be any job losses. I will take up the member's issue about the quality of water in Australind.

Dr K.D. Hames: It is brown at my place, too. The last time I turned it on it was brown.

Mr W.R. MARMION: Members might know that if repairs are done in the street, sometimes when they turn on the water it comes out rusty and they have to run the taps.

The member for Cockburn continually raises the issue of the alliance contract whenever he stands in this place. I think I have explained that. The assets are still owned by the Water Corporation. Most of the Water Corporation's contracts are alliance contracts. That is nothing new. In terms of safety, the member can give me the name of an alliance contract with the Water Corporation that has not worked out. The corporation has a lot of security with the alliance contracts. Indeed, both desalination plants were delivered by alliance contracts. For years under the Labor government, Main Roads was doing alliance contracts.

The other red herring that the member threw in was that the ERA will come in and make water pricing uniform across the state. The ERA will go in and look at both the Busselton and Bunbury boards as corporations. It will look at their assets and advise the government on what they should be charging in terms of return on their assets. I imagine that it would be very similar to what they are charging right now.

Mr F.M. Logan: You asked me about contracts, and I have done it. It's a big one. It's with you. Do you remember that one? It's with your company.

Mr W.R. MARMION: Yes, it was a big one.

Mr F.M. Logan: Don't think I don't know about it.

Mr W.R. MARMION: I conclude by thanking all members for their support. The Water Services Bill 2011 and the Water Services Legislation Amendment and Repeal Bill 2011 are an important step in progressing the government's water reform agenda. As I stated previously in this place in introducing these bills, their passage will provide a significant benefit to water customers and service providers alike throughout Western Australia. The creation of a water ombudsman and the capacity to appoint suppliers of last resort will help ensure customers receive a high level of service and will ensure continuity of supply if one of the service providers fails. The entry of new players into the marketplace will be simplified. The other important aspect, as we have been discussing, is that the Bunbury and Busselton Water Boards will be able to come under the same management arrangements as the Water Corporation. Indeed, they will be able to move into the other areas of water provision of supplying sewerage and drainage services.

These bills have taken some time. I acknowledge that they were introduced last year. If we go back in time, I think the idea of these bills started some 10 years ago, so it is indeed a historical moment to support and commend this bill to the house.

Question put and passed.

Bill read a third time and transmitted to the Council.