



Queensland

Water Amendment and Repeal Regulation 2012

Explanatory Notes for SL 2012 No. 241

made under the

Water Act 2000

General outline

Short title

Water Amendment and Repeal Regulation 2012.

Policy objectives and the reasons for them

The South East Queensland Water (Restructuring) and Other Legislation Amendment Act ('the Amending Act') amended a number of Acts to facilitate the 'merger' of entities trading as Seqwater, LinkWater and the SEQ Water Grid Manager (WGM) ('the Bulk Entities'). Those entities will, from 1 January 2013, operate as the Queensland Bulk Water Supply Authority ('the Bulk Authority').

In addition, to merging the Bulk Entities, the Amending Act also amended most parts of Chapter 2A of the Water Act 2000. This was done to facilitate the abolition of the Queensland Water Commission and recast the 'market' functions under that Chapter having regard to the operation of the merged entities. Under the 'market arrangements' any entity buying or selling 'declared water services' was required to register under the Market Rules and enter into indirect contracts for the sale of water through what was effectively a third party intermediary (the Water Grid Manager) who co-ordinated supply between buyer and seller. Under the new

arrangements, the Amending Act abolishes the concepts of a market or declared water services. The Market Rules have been replaced with a simplified Bulk Water Supply Code and direct contracts (still made by the Minister) between the buyer and the seller of bulk services. The Amending Act applies these new requirements to those entities listed in the legislation itself. All of the core providers and receivers of water services (such as the Bulk Authority who operates the bulk sector and the SEQ Service providers who operate the distribution sector) are caught by the new arrangements by virtue of the provisions of the Amending Act itself. However, the Amending Act retained flexibility to allow other entities to also be prescribed instead of relying on being registration (under a document the Market Rules) as the mechanism to regulate entities.

Under these new concepts it is necessary to ensure that Toowoomba Regional Council and Stanwell Corporation Limited continue to be regulated. This will allow the status quo to remain in place as both of these entities have previously been registered under the Market Rules and contracted under the existing grid contract documents. As is the case for other entities, they will now be regulated by the Code (for regulatory and pricing matters) and the bulk water supply agreements (for operating terms).

In addition, the Bill provides for the repeal and amendment to certain levies which are necessary as a result of the abolition of the QWC. Under Part 2A of the Water Regulation, the water supply and demand functions of the QWC were funded by a levy on Seqwater and LinkWater. With the abolition of the QWC, those functions are (from 1 January 2013) to be split between the Department of Energy and Water Supply and the Bulk Authority, each of which have their own funding arrangements. Accordingly, the relevant QWC levy is to be abolished from 1 January 2013.

Similarly, the abolition of the QWC has necessitated the transfer of its Coal Seam Gas functions to an independent office (within a department), referred to in the Amending Act at the Office of Groundwater Impact Assessment (OGIA) which is headed by an independent 'manager' appointed by the Governor-in-Council. While the existing levy arrangements are to continue to fund OGIA's and the manager's work, the levy will be applied for that purpose. The Regulation provides for minor changes to reflect this.

The Regulation will also repeal the drought emergency measures and outcomes which have now been completed.

Achievement of policy objectives

The Regulation will achieve the objectives by:

- Prescribing Toowoomba Regional Council and Stanwell Corporation Limited as Bulk Water Customer so that they continue to operate under Ministerially made contracts for the receipt of water and so that some of the operation provisions of the Code (such as operating protocols which provide for matters like communication of water quality issues, water pressures etc) will continue to apply in relation to water supplied by them.
- Repealing the QWC water supply and demand function levy from 1 January 2013;
- Amending the CSG levy on petroleum tenure holders to reflect that these functions are now provided by the OGIA and its manager.
- Repealing the notice of the making of the Market Rules.
- Repealing the emergency outcomes and measures provided for under the Regulation.

Alternative ways of achieving policy objectives

The policy objectives can only be implemented through the Regulation.

Estimated cost for government implementation

There is unlikely to be any cost associated with the implementation of the Regulation.

Consistency with fundamental legislative principles

There are no FLP issues raised by the Regulation.

Consultation

Consultation on the substance of the provisions was undertaken in development of the Amending Act. Only high level consultation has been undertaken with Toowoomba Regional Council and Stanwell Corporation Limited due to the fact that the changes are not substantive policy changes, but simply changes to reflect the new institutional and regulatory

arrangements put in place by the Amending Act due to the bulk merger and the abolition of the QWC.

Notes on Provisions

Part 1 Preliminary

Clause 1 states the short title for this Bill.

Clause 2 deals with the commencement details for this Bill.

Part 2 Amendment of Water Regulation 2002

Clause 3 provides that this part amends the Water Regulation 2002 (‘the Regulation’).

Clause 4 amends section 1 of the Regulation and insets an editor’s note.

Clause 5 omits Part 2A relating to the annual levy for water supply and demand management.

Clause 6 renumbers the existing part 2B as part 2A by omitting the existing part 2B heading and inserting a new heading, as part 2A, relating to the annual levy for underground water management with an update reference to the relevant section of the Act.

Clause 7 amends section 24E (Purpose and explanation of pt 2B) by amending the reference to “2B” to “2A”, by updating references to relevant sections of the Act and by replacing references to the “commission” with references to the “office”.

Clause 8 replaces references in section 24F to “commission” with references to “office” and removes references to the 2010-2011 and 2011-12 financial years as the continued recovery of the levy for those years is the subject of a transitional provision of the Act.

Clause 9 replaces the previous section 24G which defined the “commission’s estimated costs” and provides that the office’s estimated costs for a financial year must be stated in the office income statement for that year.

Clause 10 replaces the reference to “commission” in section 24H to “office”.

Clause 11 replaces the reference to “commission” in section 24I to “office” and updates the reference to the relevant section of the Act.

Clause 12 replaces the reference to “commission” and “commission’s” in section 24J with references to “office” and “office’s” respectively.

Clause 13 omits section 24L which related to the payment of the annual levy for the 2010-2011 financial year as the continued recovery of the levy for that year is the subject of a transitional provision of the Act.

Clause 14 replaces references to the “chief executive officer of the commission” and “chief executive officer” in section 24M with references to the “manager”, updates references to relevant sections of the Act, and omits subsections (3) and (5)(f) which relate to the levy for the 2010-2011 financial year as the continued recovery of the levy for that year is the subject of a transitional provision of the Act.

Clause 15 replaces the reference to the “chief executive officer of the commission” in section 24N with references to “manager” and updates references to other sections of the Regulation that have been renumbered.

Clause 16 replaces terms used in the headings.

Clause 17 replaces section 25 and inserts a provision which provide for the prescription of Toowoomba Regional Council and Stanwell Corporation Limited for s360C of the Act. By prescribing these entities as Bulk Water Customer, they will become Code-regulated Entities under s360C (as that includes any Bulk Water Customer) and subject to the requirement to be a party to a bulk water supply agreement (as s360V requires this for Bulk Water Customers).

Clause 18 in accordance with section 24J of the Act, omits part 8 and inserts a new part 8 that ends the water supply emergency Regulation that had previously been made under section 25F of the Act, as all of the measures required to be taken under the emergency have now been completed.

Clause 19 omits schedules 10A to 10D which contained details of all of the infrastructure that was required to be built and all of the measures that were required to be put in place to satisfy the emergency regulation.

Clause 20 omits various definitions from the dictionary in schedule 17 that related to the emergency Regulation in part 8 and schedules 10A to 10D.

Part 3 Repeal of Notice

Clause 21 repeals the stated notice. The Bulk Water Supply Code will be made by the Minister for Energy and Water Supply under a similar notice apart from this Regulation.

ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Energy and Water Supply.

© State of Queensland 2012