



Speech by

Mrs Julie Attwood

MEMBER FOR MOUNT OMMANEY

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WATER AND OTHER LEGISLATION AMENDMENT BILL AND SOUTH EAST QUEENSLAND WATER (RESTRUCTURING) BILL

Mrs ATTWOOD (Mount Ommaney—ALP) (4.23 pm): I rise to speak in the debate on the South East Queensland Water (Restructuring) Bill, in particular the issue of compensation to councils. This continues to be raised as an issue in the Brisbane media as water is considered more and more our most valuable resource by every household in south-east Queensland. The state government has repeatedly stated publicly that the councils will be fully and fairly compensated for the assets to be transferred to the state. The Premier, Deputy Premier and Treasurer have consistently raised this commitment in the House. In fact, there has been a resolution in the House about this issue.

The state worked cooperatively with the Brisbane City Council to develop an agreed valuation methodology. Under an in-principle agreement between the former Premier and the Lord Mayor of Brisbane, compensation is to be paid to affected councils on the following basis: calculated on the basis of forgone earnings; in accordance with current council pricing and regulatory principles; exclude any returns from contributed assets; and involve full due diligence.

Treasury's SEQWater transaction unit is currently completing a valuation of assets through a comprehensive due diligence process. Treasury engaged independent accounting consultants KPMG, legal consultants Corrs and engineering consultants Cardnos to complete due diligence and valuation. Treasury has consulted individual councils directly and the Council of Mayors SEQ throughout the due diligence process in relation to valuation.

Treasury commissioned its advisers KPMG to prepare a detailed valuation methodology which was provided to the Council of Mayors SEQ for their comments. The council of mayors subsequently released four independent reports purporting to support their compensation claims. These reports provided no indication of the asset values for compensation.

The council of mayors issued a statement on 12 October stating that, based on an independent valuation undertaken by the council of mayors, they estimated that the value of the bulk assets to be transferred was approximately \$6 billion. Treasury has requested that the council of mayors provide a copy of their independent valuation, but the council of mayors advised that they will not provide this information in support of their \$6 billion compensation claim.

Do members know why? Because they cannot. It is made up; it is an untruth. The state cannot comment on the validity of this estimate until the due diligence of the assets has been completed. However, Treasury understands that this valuation is based on the following: 100 per cent of SEQWater Corporation Ltd, which is 20 per cent owned by the state; waste water treatment plants; tax receipts forgone; and inflated asset values resulting in significant water price increases.

The majority of councils have substantially re-evaluated their assets over the past three years. It is no coincidence. In the end, the state government is looking to purchase only the bulk storage, bulk transport and water treatment plants. These assets represent approximately 20 per cent of the total water assets owned by council. Councils will retain the distribution and retail businesses. As a consequence, the council will continue to receive the majority of dividends and tax receipts from the water business. A

decision is yet to be made on the waste water treatment plants but is expected to be made before the end of this year.

The lord mayor should stop the politics and the other mayors of SEQ should wake up to his political games. Instead, they should represent their ratepayers who are, in the end, taxpayers. This is about the security of water in south-east Queensland, not how much council can extort from the state to make up their pool of financial management.

The water shortage is foremost in everyone's mind and is always a topical issue in my electorate of Mount Ommaney. Everywhere I go I hear stories about how people, particularly our seniors and young people, are using innovative methods to save this precious resource. They are doing extraordinarily well. We rejoice when we see a little rain.

Queensland is way ahead of other states in relation to the amount of plant infrastructure planned to overcome the problems caused by the drought. It appears inevitable to me and to my constituents that we will have to rely on purified recycled water for a range of uses. We cannot plan for sufficient water supplies based on the hope that it will rain over our dam catchments. Consequently, all these measures are necessary. I commend the bills to the House.