



Speech By  
**Hon. Tim Nicholls**


**MEMBER FOR CLAYFIELD**

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Record of Proceedings, 12 February 2014

**MINISTERIAL STATEMENT**

**1 William Street**

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (2.13 pm): One William Street will provide many of Queensland's dedicated public servants with an up-to-date and modern work environment. It will open an underutilised part of the Brisbane CBD up to investment and will employ over 1,000 people during construction. I would like address a number of claims made by the opposition, particularly the claim that 1 William Street will come at a cost to taxpayers of \$2.6 billion. These claims are misleading at least and border on outright deception. They assume that the government currently pays no rent to house public servants in Brisbane. That is absolutely ridiculous.

For the benefit of the House and all Queenslanders, these are the facts: 1 William Street is being developed at a cost of \$652 million, funded entirely by CBUS at no capital cost to Queensland taxpayers. The rent payable for the 15-year lease is \$1.14 billion. This is an annual cost per workstation of under \$9,000. By comparison, workstations in the Executive Building come at a cost of \$15,000 per year and at 80 George Street of almost \$14,000 per year. One William Street will deliver a saving of up to 25 per cent per workstation. If 1 William Street did not proceed, the cost of continuing to house public servants in their existing run-down accommodation over 15 years is in the order of \$1.2 billion, which is more than the cost to lease 1 William Street. The Executive Building would need an extra \$100 million over the next 15 years simply to keep it up to its current poor standard.

What the opposition does not tell us is that the government plans to lease 15,000 square metres of space in 1 William Street to the private sector. The opposition conveniently forgot to include the rent revenue in its calculations. This revenue, estimated to be in the order of \$200 million over 15 years, will reduce the rent even more, bringing it down from \$1.14 billion to \$940 million over 15 years. That is a total saving of \$260 million from the existing status quo in the tired, worn-out, run-down buildings.

I turn now to the QIC transaction. The sale of government buildings for \$562 million was done to avoid future capital costs and reduce the state's debt. The proceeds were used to pay down Labor's debt—how much is it? Eighty billion dollars, \$4 billion a year in interest, \$450,000 an hour in interest—and reduce the debt, saving \$130 million in interest. And future capital costs of \$340 million over 15 years were avoided.

Much has been made of the state valuations of the buildings, but those valuations were based on book value and assumed long-term state government leases for all buildings. They assumed that they would be there for 15 years. That is not the case. Some of those leases were expiring in just four years time. Lease terms ranged from four to 15 years. This resulted in the book value—that is the

15-year term—being an inflated book value. The book value is not a cash value and, therefore, does not affect the deficit.

**Opposition members** interjected.

**Mr NICHOLLS:** And importantly, if they did listen, they would understand that then we would not have had the \$80 billion problem in the first place. The departments were already paying rent for their offices and they continue to do so. There has been no change.

So instead of the fanciful and confected claims of those opposite, this is what we have achieved: rent for 1 William Street being \$260 million lower than would otherwise be the case and new offices for our hardworking public servants that will also be maintained to a high standard. They will not be allowed to degrade, as they were under Labor. There will be \$340 million in savings from no longer having to spend capital in maintaining a group of buildings whose average age is 30 years old, the oldest being 48 years old. That was good enough for them. There is \$130 million in interest savings on Labor's debt; \$60 million in savings per year across the government's workplace footprint by bringing it down to a manageable size; 1,000 new construction jobs, which they do not want; and over \$7 billion in further economic benefits for Brisbane and the state by opening up the Queens Wharf development and the facilitation of the Brisbane underground project. That is what 1 William Street and the Queens Wharf precinct is doing. It is not what those opposite could do or would do, even if they had the chance.

When we hear the opposition members claiming that 1 William Street is costing \$2.6 billion, what they have done is misrepresent the numbers and add up—albeit poorly, using the crayons—future expenditure over a 15-year period, which they too would have incurred. They could not have done it any differently, because they already had them signed up. This is the same type of accounting—or pretend accounting—that led them to rack up \$80 billion in debt and drive the state into a decade of deficits. This government is once again cleaning up the mess left by those members opposite while also delivering economic benefits for our great state with great opportunities.