

Question on Notice
No. 934
Asked on 26 May 2006

Mr SEENEY asked the Premier (Mr Beattie) -

QUESTION:

With reference to the SEQ Infrastructure Plan 2006-2026 which he released on 24 May 2006 and to pages 45 and 46 which refer to the Southern Regional Water Pipeline and as the Coordinator-General is managing the approval process—

Will he provide (a) a breakdown of the estimated \$250m cost of the pipeline, (b) a breakdown of the Queensland Government's and the various local governments' contribution to the \$250m cost (each council contribution and the State Government's contribution reported separately), (c) what the Queensland Government's 40 per cent contribution of design and corridor acquisition costs represents in dollar terms and when it will be provided and (d) a timeline providing details for when each stage of the pipeline project is expected to be completed?

ANSWER:

(a) In June 2005, the State Government proposed a one-third subsidy provision towards construction costs for the Southern Regional Water Pipeline. This commitment was made with the provision that should the design and capacity of the pipeline change significantly, the State would consider its level of assistance and the means of providing this in light of Government policy at the time a final decision is taken on construction of the pipeline.

This project has grown in scope since the initial agreement for subsidy support. To ensure improved water supply reliability via a Southeast Queensland Water grid the pipeline design is being reconsidered to potentially transport water in both directions (north and south) as well as increasing the capacity of the pipeline.

The State Government will work in partnership with Local Governments to directly invest in large scale water infrastructure projects such as the Southern Regional Water Pipeline and to ensure these vital projects are delivered as soon as possible.

Accordingly, the Government has agreed to immediately provide \$20 million for pipe procurement and land acquisition costs for the pipeline. In addition, funds of up to \$22 million will be provided to assist the project to meet drought contingency timeframes. These funds are provided to the project proponent as an initial investment which may either be repaid to the State or recognised as a State equity contribution.

The Queensland Government will also provide a 40% subsidy (up to a maximum of \$8 million) for the Southern Regional Water Pipeline preconstruction and land acquisition costs upon receipt of a formal request from the project proponent. This subsidy payment will not need to be repaid.

This State Government commitment of \$50 million (being \$42 million bridging finance and up to \$8 million as subsidy input) therefore supersedes the original intent to provide a sole subsidy contribution for the project's first stage of works.

An indicative breakdown based on the project's design to date indicates that total project costs will consist of the following component spends:

- pipe procurement 34%;
- pipe installation 34%;
- pump stations 13%;
- balance tanks 8%;
- design 5%;
- major road and rail crossings 4%; and
- bridges construction work 2%.

(b) The costs of the project are to be covered by shareholder equity, debt finance and as previously advised a State Government contribution that will either be repaid or converted to equity, and a subsidy of 40% (up to a maximum of \$8 million) for preconstruction and land acquisition costs.

Currently, project shareholders are SEQWater (51% share), Brisbane City Council (5% share), Logan City Council (13% share), Ipswich City Council (13% share), Gold Coast City Council (13% share) and Beaudesert Shire (5% share). Shareholders have contributed \$17.5 million to date.

The Government will shortly commence discussion with other Southern Regional Water Pipeline Company shareholders on future funding arrangements for subsequent stages of the project.

(c) The State Government will immediately pay its subsidy contribution, explained above, towards preconstruction costs upon receipt of a formal request(s) from the project proponents. As at 22 June 2006, no formal requests have been received.

(d) Completion of the western section to Springfield is anticipated by November 2007, with the remainder of the project's works to be completed to suit the program of the proposed Tugun desalination plant at the Gold Coast, or July 2008, whichever is first.