

Question on Notice

No. 521

Asked on 15 March 2007

Mrs STUCKEY asked the Deputy Premier, Treasurer and Minister for Infrastructure (Ms BLIGH) –

QUESTION:

With reference to the Tugun Desalination Plant—

- (1) Do the projected operating costs of \$40.8m per annum include interest costs on borrowings related to this project?
- (2) If the interest cost is not included, what is the anticipated cost of this to the taxpayers of Queensland?
- (3) What are the specific power generation requirements for the desalination plant?
- (4) Can existing consumers utilising the Gold Coast electricity network be guaranteed they will not lose electricity supply when the desalination plant becomes operational?

ANSWER:

- 1) No.
- 2) On 9 March 2007, the Queensland Water Commission publicly released its *Cost Recovery and Pricing for Urban Water Supply in South East Queensland – Draft Report for Consultation* which provided advice to the Government about water price increases necessary to comply with the National Water Initiative. This advice was based on a levelised cost for water taking into account the range of capital and recurrent costs associated with projects currently being delivered by the Government and the cost recovery provisions of the National Water Initiative. It did not individualise the capital and/or recurrent costs of each individual project forming the Government's response to the drought.

On 13 March 2007, I informed the Parliament that the Government would take a number of steps to reduce the cost increases on water users recommended by the Queensland Water Commission, including reducing the rate of return on water assets from a 'commercial' to a 'break-even' rate of 4%. By doing so, the Government will forgo \$1.5 billion in revenue over the next 10 years, and the steps will reduce the price rises for the average family by more than \$200 over the next five years.

- 3) It is estimated that at full production the plant at Tugun will have an energy demand of approximately 30 megawatts.
- 4) I have been advised by Energex that the distribution network supplying the Tugun area is to be reinforced, with the installation of two new 33kV underground cables from the Burleigh substation to supply power to the desalination plant scheduled for completion by the end of April 2008.

The transmission system supplying the southern Gold Coast region will be adequate to supply this load. Energex further advises that the security of this part of the Gold Coast electricity network will in fact be improved due to the reinforcement of the existing distribution network with the new 33kV cables.