

## **Question on Notice**

**No. 834**

**Asked on 5 June 2007**

**MISS SIMPSON** asked the Deputy Premier, Treasurer and Minister for Infrastructure (MS BLIGH) –

### **QUESTION:**

With reference to the recent announcement of the State Government's takeover of water assets –

- (1) Will she detail whether there have been any asset valuations on Council water assets to be included in the takeover; if so, what are the assets valued at and will she table the valuations?
- (2) How much money has the State Government put towards the targeted Council assets (reported separately for each asset) and will Councils be compensated for money the State Government has already put in?
- (3) Will she detail the method to be used to fund the water takeover, including all methods of compensating Councils for Council assets?
- (4) To what extent will public sector superannuation funds be used as 'equity participation in some assets or entities' that is mentioned on page 37 of Our Water – urban water supply arrangements in South East Queensland – Final Report – May 2007?

### **ANSWER:**

The process of valuing the Council water assets and determining the appropriate amount of compensation to Councils has already begun. The State is working closely with the Councils to develop an appropriate methodology for valuing the assets.

The Government has assured Councils they will be fully and fairly compensated for their bulk water assets when the values of those assets are determined.

The amount of the compensation will be determined following a thorough due diligence process, which will examine a number of issues including the most appropriate valuation methodology, condition of the assets, the extent of contributed assets, current financials associated with these assets, and timelines for payments.

Therefore, the actual amount of compensation cannot be determined until the due diligence process is completed.

Compensation will be paid firstly to reduce Council debt and any cash payments will be conditional upon approval from the State for infrastructure projects, asset maintenance, upgrades or acquisitions.

The State recognises that implementation of the reforms will require substantial and personal commitments from both the State and Local Governments. Therefore, the State is also working closely with Councils to determine the appropriate funding arrangements.

In relation to the comments in the report regarding public sector superannuation funds, the Queensland Water Commission was simply identifying a potential future opportunity. There is no recommendation in the Report on this issue. In line with all superannuation investment decisions, this decision would rest with the trustees of the fund.