

NEWS from your Local Councillor



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Dear Resident

Welcome to new residents who came within the Division 7 electoral boundary from the last election. The division is now Alexandra Hills/Capalaba. We hope you find our regular newsletters of interest. Because of the impact water pricing will have on the community we wish to provide you with the facts on Council's position.

Bulk water compensation

On 1 July 2008 Council received a compensation payment of \$81.223 million from the state government for \$125.193 million of our bulk water assets (written down value). The initial compensation payment determined in February this year was \$72.93 million.

The state government compensation was based on cost to ratepayers at the time, which was not at 'full cost' pricing. Council disagrees with this method of calculation of the compensation. Council, this year, went to 'full cost' pricing, so any future compensation on distribution of assets, hopefully will see a better deal for the Redlands.

Since that time Council has successfully negotiated an increase on technical financial grounds of \$842,847. Council has also agreed to the final schedule of assets to be taken over by the state government. This resulted in an additional \$14.788 million in compensation.

Unfortunately, the state government has maintained its position to restate the compensation as at 30 June 2008 to reflect interest rates at this time. This has resulted in a reduction of \$6.763 million from our compensation. The state government also reduced the compensation by an amount of \$576,000 for leave entitlements of former Council staff now with the state government water authorities.

Impact on Council's debt balance

Council's debt balance (book value) at 1 July 2007 was \$132.705 million. During the 2007/08 year Council paid \$18.166 million off its debt. On 27 June 2008 Council drew down new loans of \$14 million as per budget.

The compensation of \$81.222 million from the state government was applied to Council's outstanding debt balance on 1 July 2008. This amount reduces the market value of the debt (without getting too technical, the market value is the amount Council would have to pay today to extinguish the total debt). Council reports its debt in terms of book value, and the state government compensation equates to a reduction of \$85.295 million in the book value.

This leaves Redland City Council's total outstanding debt book value as at 1 July 2008 after compensation at \$43.244 million.

Bulk water price

On 27 June 2008, the Queensland Water Commission (QWC) formally advised Council of the price it will have to pay for bulk water for the next 10 years. The first two years will be through Council's own water business. From 2010/11, the new regional distribution entity will be buying bulk water for Redland residents.

Council's buying price for 2008/09 will be 56.2 cents per kilolitre. This buying price will be increased by the QWC in 2009/10 by 23.4%, plus a CPI increase to 71 cents per kilolitre.

In 5 years (2012/13), Redland City residents (through the new regional distribution entity) will be paying the state government \$1.35 per kilolitre for bulk water, an additional 146% over today's prices of 54.8 cents per kilolitre. When a modest 2.5% CPI increase is applied, this buying price will be \$1.53 per kilolitre, or 171.5% above today's price.

In 10 years (2017/18), all south-east Queensland areas will have the same buying price for water through the distribution entity. The bulk water buying price in 2017/18 will be \$3.53 per kilolitre in 2017/18 prices. This figure is 403% solely from state government increases and 528% when CPI is included, above what Council will pay in 2008/09.

Water restrictions

The state government has indicated at this time that Redland City may come into line with the rest of the councils, at whatever level they are in March 2009. Council is strongly negotiating the matter with the QWC for a phase-in approach for the city.

Hanover Drive Park Master Plan

Public consultation has begun to decide on the best outcomes for the park. Please get a copy of what is proposed and have your say.

2008/09 budget capital works

A total of \$176,000 has been approved for footpath/bikeway works throughout Division 7. I am happy to announce that monies have been set aside for drainage improvements across the City and will include works in this Division.

Park upgrades

\$50,000 will be provided from the Division 7 portion of the Councillors' Community Benefit Fund to improve facilities in several of the major recreational parks. I have inspected the Gundagai Drive Park with Council officers and have asked them for recommendations on improving its facilities.

Meet your local Councillor

I conduct my 'Meet Your Local Councillor' stand at the Alexandra Hills Shopping Centre every second Saturday between 9.00am and 12 noon.
Feel free to drop in and say hello.



Murray Elliott
Councillor for Division 7
Redland City Council