



QLD COMPETITION AUTHORITY

- 4 AUG 2014

DATE RECEIVED

Dr. Malcolm Roberts
Chairman Queensland Competition Authority
GPO Box 2257
Brisbane Qld. 4001

Date 27 July 2014

Re: SEQ Long Term Regulatory Framework – Implementation (July 2014)

Dear Dr Roberts,

CRA (the Association) is pleased to respond to this invitation for public comment on implementation of the proposed “light handed” regulatory regime for water service business entities in SEQ.

The Coolum Residents Association represents the views and opinions of a complete cross-section of the Coolum community. It is a body charged with the task of maintaining and protecting the quality of life preferred by the majority of Coolum residents.

The CRA achieves this by keeping a watching brief over Council, developers and other authorities and groups that could affect the goal of achieving the majority vision for Coolum. The Association is a non-profit, non-partisan volunteer organization.

CRA Summary Comment

Without QCA's (the Authority's) independent confirmation that the Queensland Government's determination of 2008 legacy regulatory assets has correctly used the deprivation value approach set out in pages 32-35 of the Authority's Statement of Regulatory Pricing Principles for the Water Sector (December 2000), adoption of the modified CPI indexation methodology proposed in this draft will not achieve items (a), (b) (c), and (d), the four overarching regulatory objectives set out on page IV for Coolum's consumers of water services.

Discussion

CRA strongly endorses the four overarching regulatory objectives that are consistent with the Statement of Regulatory Pricing Principles for the Water Sector (December 2000). CRA also reaffirms the Association's rejection of the “light handed” regulatory regime for Unitywater for


reasons set out in the public submission dated 25 June.

The permissible return on regulatory assets constitutes more than 60% of maximum allowable revenue. Given past failures to perform satisfactory prices monitoring investigations by accepting restrictive terms of reference set by the Ministers QCA, it is surprising that the Authority now proposes a regulatory prices framework from 2015 which effectively embeds the inflated valuations of regulatory assets determined by the Queensland Government in 2008 based on flawed advice from KPMG.

Development of this draft implementation proposal makes hollow the Authority's commitment to consider the Association's public submission on the Regulatory Framework Paper (QCA 2014 a) dated 25 June and represents a waste of public resources.

Should you require any further clarifications on our attached submissions please contact our Special Project Officer, Richard Koerner via email on rjkoerner@iinet.net.au or info@coolumresidents.org.

Yours sincerely,



Robyn Fernandez
Secretary Coolum Residents Association
Cc: Secretary for Water.pdf