



Hon Stephen Robertson MP

Member for Stretton



**Queensland
Government**

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**Minister for Natural Resources,
Mines and Energy and
Minister for Trade**

17 DEC 2010

Ms Amy-Rose West
26 Spindrift Avenue
COOLUM BEACH QLD 4573

Dear Ms West

I refer to your correspondence addressed to the Honourable Desley Boyle MP, Minister for Local Government and Aboriginal and Torres Strait Islander Partnerships concerning the pricing of water and sewerage charges levied in the Sunshine Coast region.

I am advised that Minister Boyle has contacted you directly in a letter dated 11 June 2010 regarding the issues that fall within her portfolio responsibilities.

Minister Boyle has referred to me the issue you raised with respect to the amalgamation of the Sunshine Coast Regional Council and the Moreton Bay Regional Council water and sewerage businesses into a water and sewerage business jointly owned by both councils.

As of 1 July 2010, the responsibility for setting retail water and sewerage prices in South East Queensland (SEQ) transferred to the three new Council-owned water and sewerage businesses. The current model of three Council-owned Distributor-retailers providing water and wastewater services in SEQ was proposed and endorsed by the SEQ Councils in May 2009. The Distributor-retailers were created as part of the SEQ urban water reforms which are aimed at:

- improving water supply security
- increasing efficiency over time by reducing the number of entities responsible for water and sewerage delivery from 21 to seven specialist and focussed entities
- introducing consistency in customer service standards
- ensuring water infrastructure is maintained and upgraded in a timely and efficient way.

As you are aware, the Distributor-retailer responsible for water and sewerage services covering the Sunshine Coast local government area is Unitywater. Unitywater has been established with an independent and commercial board that is accountable for setting water and sewerage prices.

On 25 June 2010, Unitywater announced that retail water and sewerage prices would increase by 10% for Sunshine Coast residents. For Sunshine Coast residents this means an increase in the average household water and sewerage bill of \$104 per annum (using 231 kilolitres per annum). Only the bulk water price increase is the responsibility of the Queensland Government. On average across SEQ, the bulk water charge makes up about one quarter of residential water and wastewater bills. The remaining 75% consists of charges levied by the Council-owned Distributor-retailers.

The Government has taken responsibility for water security in SEQ and has delivered the \$6.9 billion SEQ Water Grid to effectively drought-proof SEQ. Infrastructure Australia has recognised the SEQ Water Grid as providing the nation's greatest buffer between demand and sustainable supply, which is a key indicator of water supply security. Water security for SEQ's growing population does come at a cost. Bulk water price rises are unavoidable and the Government has acted to ensure these price rises are kept to a minimum by:

- establishing a bulk water price path to gradually increase bulk water prices over a 10 year period
- committing to not take a commercial return on its investment in drought-proofing infrastructure, forgoing \$1.7 billion in revenues over the duration of the price path and accepting a \$407 million financial loss for water supplied to the Council-owned water businesses this financial year
- increasing the pensioner rebate to \$100 per annum.

Further, the Government has directed the Queensland Competition Authority to independently monitor retail prices set by Council-owned water and sewerage businesses to ensure these businesses can justify the retail prices they set against the costs they incur in delivering water and sewerage services.

If you have any specific concerns regarding the increase in your water and sewerage charges, you may wish to contact Unitywater directly on telephone 5431 8333.

Should you have any further enquiries, please do not hesitate to contact Ms Gayle Leaver, Acting Senior Director, Water Reform of the Queensland Water Commission on telephone 3405 3550.

Yours sincerely

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STEPHEN ROBERTSON MP