

10 October 2014

31 Fauna Terrace
Coolum Beach Qld.4573

Mr. John Hindmarsh
Chief Executive Officer
Queensland Competition Authority (QCA)
G.P.O. 2257
Brisbane Qld.4001

Re: Review of SEQwater bulk water charges 2015-18

Dear Mr. Hindmarsh,

Please accept the this public submission regarding the long-term prices monitoring review of bulk water prices imposed by Government owned water entities throughout South East Queensland (SEQ).

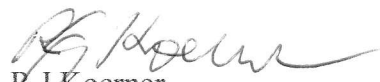
The invitation for public comment provided QCA's (the Authority) findings for a 2012/13 grid services charging investigation suggesting that \$3431/ML was the legitimate maximum allowable price to achieve maximum allowable revenue (MAR) under COAG water reform agreements. This finding is without credibility because terms of reference (TOR) mandated by the Queensland Government for the study prevented the Authority's independent confirmation of appropriate regulatory asset replacement values to be used in the investigation. As allowable return on regulatory assets constitutes some 60% of MAR for SEQwater, this investigation was a waste of public resources.

Please now refer to the cover letter dated 5 May 2014 accompanying Ministerial instructions signed by the Queensland Treasurer.

Paragraph two suggests collusion between Treasury and Authority officers to deprive Coolum Beach households statutory protection against possible predatory pricing by SEQWater. Terms of Reference item (B) (1) prevents the Authority from performing an independent study to achieve its review objectives items (a), (c), and (d) set out in the SEQ Pricing Principles issued last March. Such an instruction prevents the Authority's performance of its primary duty to protect Coolum Beach households against monopoly pricing abuse by a commercial business entity owned and controlled by the Queensland Government.

Please note from the enclosed correspondence dated 25 March 2013, the Authority has responsibility for independently monitoring regulatory asset determinations and permissible MAR calculations by monopoly service providers such as SEQwater.

Yours sincerely,



R.J.Koerner

Enc. Letter from Department of Environment Ref. C13/6564 dated 25 March 2013.

Cc. Federal Parliamentary Secretary - Urban Water the Hon Senator Simon Birmingham