

- 1 SEP 2010

DATE RECEIVED



Department of  
Infrastructure and Planning

Our ref: 10/34692

Your ref: 320815

**31 AUG 2010**

Mr EJ Hall  
Chief Executive  
Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

Dear Mr Hall

I refer to your representations to Mr Colin Jensen, former Director-General, Department of Infrastructure and Planning, seeking submissions on the Queensland Competition Authority's (QCA) price monitoring of South East Queensland (SEQ) water and wastewater distribution and retail activities from 1 July 2010 to no later than 30 June 2013.

I would like to raise three issues of concern to be brought to the attention of the QCA for further investigation.

*Consistency of tiered charges*

- whether the tiered water consumption charges levied by Queensland Urban Utilities, UnityWater and Allconnex Water (Redland region only) appropriately reflect/recognise the costs (actual total costs and variable operating costs) of providing the water services in each of the regions within each entity's jurisdiction. Also, there is an inconsistency in the application of tiered water consumption charges by Allconnex Water across its jurisdiction. Allconnex Water levies a tiered water consumption charge only in the Redland region. The purported objective of the tiered consumption charge in the Redland region is water conservation; however, tiered consumption charges are not levied in the Gold Coast and Logan regions where water conservation is also considered to be an important issue.

Executive Building  
100 George Street  
PO Box 15009  
City East Queensland 4002  
Telephone +61 7 3227 8548  
Facsimile +61 7 3224 4683  
Website [www.dip.qld.gov.au](http://www.dip.qld.gov.au)

*Moreton Bay region subsidies*

- whether the subsidy provided to the residents of the Moreton Bay region (Caboolture, Pine Rivers, Redcliffe) in respect of the fixed access charges levied by UnityWater are consistent with appropriate pricing practices in relation to social welfare and equity considerations, including community service obligations, the availability of goods and services to consumers and the social impact of pricing practices.

*Treatment of contributed assets*

- with regards to contributed assets, the Department supports a return of assets but questions the benefits of permitting a return on assets. This issue is raised in relation to the pricing treatment of contributed assets (including developer contributions, infrastructure charges, grants and subsidies including the grants and subsidies historically provided to the former Local Governments under the Local Government grant programs administered by the Department); particularly in relation to return of capital (depreciation) and return on capital.

I trust this information is of assistance. If you require any further information, please contact Mr Bill Hastie, Principal Advisor, Office of Local Government, Department of Infrastructure and Planning, on 3225 8640 who will be pleased to assist.

Yours sincerely,



Graeme Newton  
**Coordinator-General**  
**Director-General**