

Richard J. Koerner Ph.D.(Qld), M.E.Sc., B.C.E (Melb), MICE
Strategic Management / Econometric Market Analysis - ABN 26 021 850 787
31 Fauna Terrace Coolum Beach Qld. 4573

2 November 2011

The Hon. Bill Shorten MP
Assistant Treasurer
Parliament House
CANBERRA ACT. 2600

Dear Assistant Treasurer,

I refer to the Productivity Commission's Inquiry Report No. 55 (the Report) entitled Australia's Urban Water Sector, and in particular the discussion of asset valuation methodology and X-inefficiency appearing in Chapters 10 and 11.

Given the request for public submissions relating to governance and institutional arrangements set out in the Inquiry's Issues Paper of September 2010 (Section 8 pages 32-38), deficiencies of Chapters 10 and 11 are most troubling. Material provided as supporting correspondence to Submissions 7, 25, 81, 84, DR91 and DR97 have not been considered adequately and clear evidence of systematic monopoly pricing abuse by GTE's owned by the Queensland Government have been ignored.

I contend that households in Coolum Beach and throughout the Sunshine Coast have long experienced service charges in excess of Maximum Allowable Revenues (as defined under National Water Initiative (NWI) Pricing Principles) in annual budgets of Maroochy Water Services (MWS), Sunshine Coast Water, and Unitywater. Page 303 (paragraph one) of the Report states *it is unlikely that excessive dividend payments have been extracted etc.* despite correspondence from the Coolum Beach Progress and Ratepayers Association to the Queensland Under-Treasurer dated 12 April 2006 suggesting annual overcharging amounting to approximately \$450 per connected property per year. Correspondence describing manipulation of regulatory asset valuations as the improper vehicle used by the Queensland Government to justify excessive service charges has also been provided in the submissions cited above. It is astounding that the Report fails to adequately address a financial scandal now amounting to some \$200 million in excessive service charges, given the Queensland Government's obligations under the COAG reforms relating to water in place since 2004.

I request prompt action by the Federal Government to bring transparency to this ongoing financial scandal in the public interest of all households in South East Queensland, and to initiate refunds of past excessive service charges by fully owned GTEs of the Queensland Government to all aggrieved households.

Yours sincerely,

R. J. Koerner
Former External Director MWS Advisory Board and Member - Sunshine Coast Regional Council
Sustainability Advisory Panel