

11 August 2021

Our Ref: ND:aw
File Reference: A5601902
Contact: Dr Nicole Davis

Attn: Mr Charles Millstead
Seqwater bulk water price review 2022-2026
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

Dear Mr Millstead

Re: Review of Seqwater's bulk water prices 2022-2026

Thank you for the opportunity to provide a submission as part of the review of Seqwater's bulk water prices 2022-2026. Redland City Council (Council) is committed to working with Seqwater in delivering essential services to our residents. As an outcome of this review, Council would like to see a more sustainable price path for water, a shift in the State Government's policy position relating to concealed leak remissions, and greater transparency of the costs associated with the operation and maintenance of Seqwater infrastructure.

Since 1 July 2012, when Redland Water (now City Water) returned from Allconnex Water to Council as a commercialised business unit, the cumulative bulk water prices have placed increasing financial pressure on Redland City ratepayers (table 1).

FY	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
\$/KL	1.472	1.717	1.962	2.161	2.361	2.561	2.748	2.935	3.122	3.231
%		16.64%	14.27%	10.14%	9.20%	8.47%	7.30%	6.80%	6.37%	3.49%

Table 1. Bulk water price path for Redland City Council from financial year 2012/2013 to 2021/2022 and year on year percentage growth.

Representatives from Council's water business and finance group attended a number of meetings and workshops held by Seqwater in the lead up to the 2021-2022 price being released (June 2019 to April 2020). At the most recent distributor retailer's discussion on the Seqwater bulk water prices 2022-26 (QCA submission), held on 26 July 2021, Council officers were verbally informed of a price increase of 2.5% from 2020-2021 to 2021-2022. However, the subsequent increase was significantly larger than anticipated and modelled. The ratepayers of Redland City cannot afford continued cumulative increases of this quantum, so Council is requesting future price increases to be more aligned with Brisbane CPI rates or the LGAQ Council Cost Index.

Council would be interested in Seqwater developing a policy position with respect to funding the remission attributable to the bulk water charge on demonstrated concealed leaks. Currently, Council provides remissions for concealed leaks on the retail portion of the water consumption charge, in line with our adopted policy, although the majority of the water consumption charge is bulk not retail. Therefore, we would encourage Seqwater and the State to work with Council to create an agreed

process to enable the bulk water portion of the consumption charge to be funded by Seqwater or the State.

Finally, Council would like to see greater transparency of the operational and maintenance costs associated with Seqwater infrastructure. This process would be more aligned to the Independent Pricing and Regulatory Tribunal in New South Wales or Essential Services in Victoria. These two processes see certainty about water pricing over a five year period which allows Council to better model and forecast medium and long term impacts on the community.

Council is eager to continue a productive partnership with Seqwater and would be interested in providing further commentary throughout the review period, directly if appropriate. Should you wish to discuss the content of this submission, please feel free to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicole Davis', written in a cursive style.

Dr Nicole Davis
General Manager Infrastructure and Operations
Redland City Council

cc. *Andrew Chesterman*
Chief Executive Officer
Redland City Council