

Date: 31 January 2022
Contact: Karen O'Brien
Location: Nerang
Telephone: 0755 82 8422
Your reference:
Our reference: A74267146

Mr Charles Millstead
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001
(<https://www.qca.org.au/submissions>)

Dear Mr Millstead

City of Gold Coast's response to QCA's draft report: Seqwater Bulk Water Prices Review 2022-26

The City of Gold Coast (the City) appreciates the opportunity to provide feedback to the Queensland Competition Authority's (QCA) draft report: *Seqwater Bulk Water Price Review 2022-26*.

The City acknowledges that the QCA is limited to the scope outlined in the Ministerial Direction and is supportive of the review that ensures an open and transparent process and bulk water pricing which reflects prudent and efficient costs.

Bulk water is the City's largest expense and in 2021-22 represents approximately 40% of the average customer's water bill in our service area. The 2021-22 financial year was the first time in seven years that the City increased its retail charges with a 2.5% increase water usage charge. During this same period the State Government increased the bulk water price by 19.2%. With such a large impact, it is appropriate that the QCA consider customers as part of its review and when recommending prices to Government. It is acknowledged that there are still several key items outstanding that have the potential to further increase pricing, however, it is imperative that the end user is taken into consideration prior to recommending final bulk water prices. The City is fully supportive of a 2% bulk water price increase in the current economic climate, which is consistent with overall pricing being considered on the City's water and sewerage retail charges.

The City also notes that the QCA was directed to recommend a drought allowance that could be applied to prices under normal operating conditions. The City is concerned that a proposed 12% price increase on top of an already substantial bulk water price will have a significant impact on customers and the City. It is noted that the allowance will provide Seqwater with sufficient revenue while operating under drought operating conditions, however with an increase in the bulk water price the financial risk is transferred to distributor-retailers. If Government decides to apply the drought allowance, early notification and clarity as to how it is to be applied is paramount to ensure administrative processes are established to enable the allowance to be passed on to customers.

Should you require any further information please contact Karen O'Brien, Manager Business Performance on (07) 5582 8422.

Yours faithfully



Paul Heaton
Director Water and Waste
For the Chief Executive Officer
Council of the City of Gold Coast