



QLD COMPETITION AUTHORITY

22 JAN 2015

DATE RECEIVED

21 January 2015

Dr. Malcolm Roberts
Chairman
Queensland Competition Authority
GPO Box 2257
Brisbane Qld. 4001

Dear Dr. Roberts,

Re: SEQ's Bulk Water Prices : 2015-18 inquiry [QCA-Documents.FID42947]

Further to the electronic communication sent 5 December 2014, Coolum Residents Association Inc. is pleased to submit the following public submission regarding draft report QCA-Documents.FID42947.

Please now refer to the Treasurer's referral dated 5 May 2014:

- Section A 1 (c) (i) requires the Authority to investigate bulk water costs to include prudent and efficient capital expenditure;
- Section A 1 (d) (ii) requires the Authority to roll forward the regulated asset base (RAB) from 1 July 2013 to 30 June 2015 etc. ;
- Section B (1) requires acceptance of RAB defined by the Minister Energy and Water and forbids independent assessment necessary to ensure that this valuation is optimized according to Section 6.2 of the Authority's "Statement of Regulatory Pricing Principles for the Water Sector";
- Section B (6) requires acceptance of SEQwater's demand forecasts; and
- Section B (7) requires acceptance of price path debt as at July 2013.

Return on regulatory assets (RAB) and return on ongoing capital expenditures makes up some 60% of maximum allowable revenue (MAR) eligible to be passed through to ratepayers by water services retailers such as Unitywater. Allowable return on regulatory assets constitutes a large proportion of efficient costs contributing to MAR for SEQwater, and the Authority's independent investigation has been prevented due to restrictive terms of reference.

...../2



- 2 -

The draft report fails to provide independent assurance that the bulk water charges being passed through to Coolum Beach households by Unitywater are legitimate under the pricing provisions of COAG water reform agreements with the Federal Government reflected in Authority's "Statement of Regulatory Pricing Principles for the Water Sector".

Restrictive terms of reference from the Queensland Government prevents the Authority's effective performance of its primary obligation to protect Coolum Beach residents and all SEQ water service customers from monopoly pricing abuse by commercial business entities controlled by that Government.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "Ray Barber".

Ray Barber

(v-p)