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QLD COMPETITION AUTHORITY

150 Wembley Road
Logan Central QLD 4114
PO Box 3226 Logan City DC QLD 4114

23 JAN 2015

DATE RECEIVED

Council enquiries **07 3412 3412**
Council fax **07 3412 3444**
Email **council@logan.qld.gov.au**
Web **www.logan.qld.gov.au**
ABN 21 627 796 435



Dr Malcolm Roberts
Chairman
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Dr Roberts

SUBMISSION TO DRAFT REPORT ON SEQ BULK WATER PRICE PATH 2015 – 18

Thank you for the opportunity to provide a submission in response to the Queensland Competition Authority's draft report on the SEQ Bulk Water Price Path 2015-18. The bulk water prices are an issue of significant importance to Logan City Council and the community of Logan.

We refer to our initial submission dated 16 July 2015 and are pleased to see that the common bulk water price for water service providers in SEQ has been reduced by 14%. We congratulate Seqwater on achieving these cost reductions.

However, the draft report does not address the other key points raised in our initial submission, being:

- Additional costs to Logan City Council to be recognised
- Lower prices to Logan in the next price path in comparison to other urban local government areas

Logan City Council has paid a significantly higher bulk water price compared to other urban Council areas in South East Queensland. Logan City Council has paid approximately \$43 million extra in bulk water charges as a result of the additional bulk water price compared to Brisbane City Council's bulk water price. This figure is even higher when compared to Ipswich, Sunshine Coast and Redland City Council's bulk water prices. From a customer perspective, Logan City water users have paid approximately 33 cents per kilolitre more for bulk water over a period of seven (7) years since 1 July 2008 in comparison to Brisbane City water users. This has resulted in a 200 kilolitre per annum water user paying an additional \$455 over the seven (7) year period and a 400 kilolitre per annum water user an additional \$910 compared to a Brisbane City water user.

When the water grid was established in 1 July 2008, the SEQ Council bulk infrastructure was transferred to the State government with compensation paid to Councils. At this time, it was determined that a common bulk water price should apply to Councils across the region. However, during the pricing path period, other SEQ urban Councils received a much lower price compared to Logan City Council's price and this difference has been maintained over the period of the price path resulting in a significant inequity for Logan City water users.

It is noted that Redland and Sunshine Coast water users have received a much lower price from 1 July 2008 with this benefit being recommended in the report to be extended until 2019/20.

To achieve a degree of pricing path equity, it would be appropriate to offer Logan City Council a price similar (or lower) to that offered to Redland City for the remainder of the pricing path till the common price is achieved in 2017/18. This would not achieve full equity or fully recognise that Logan City Council has contributed more than other urban Councils in SEQ to reduce the pricing path debt. However, it would at least provide some



recognition that Logan City Council water users have more than paid their share of the investment in regional infrastructure. We believe that this reduction for Logan would also be in keeping with the ministerial direction.

We look forward to a positive response to our proposal in the final report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Silvio Trinca', with a long horizontal stroke extending to the right.

Silvio Trinca
DEPUTY CHIEF EXECUTIVE OFFICER - ROAD & WATER INFRASTRUCTURE
(on behalf of Chris Rose, Chief Executive Officer)