



G. James Australia Pty. Ltd.

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"The Leading Integrated Glass and Aluminium Manufacturer and Contractor"

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Mr. John Hall
Chief Executive Officer
Queensland Competition Authority
G.P.O. Box 2257
Brisbane QLD 4001

Dear Sir,

Access Arrangement for the Queensland Distribution Network.

It is with considerable interest that we have been reading the information available on the QCA web page on the Draft Decision on Access Arrangements for Natural Gas Distribution Systems.

We, as a 40TJ per year user and potentially having Envestra as our network provider, would like to offer the following comments on the issues raised by them on the Access Arrangement for the Queensland Distribution Network.

It appears to us that this company would like the Queensland market to offer them a free of charge network that from deregulation onwards can be considered to be new while at the same time they wish to have the network considered to be in a used state and is need of significant upgrading. The network companies cannot have it both ways. We, as existing gas customers, should have the expectation that the major assets of the network companies, the underground service lines, are well and truly paid for over the considerable time they have been in use. The argument that the network is of a value and a return has to be made on that value appears to be one of making money out of an asset that the users have already paid for through existing cartage arrangements. The arguments on ROR for the network use the incorrect premises to establish the argument. We as users, will be loathed to pay for the network twice.

A second issue we would like to comment on is the perception of a poor return on investment in Queensland as it is a harder market to make money in than, say, Victoria. This is a company whose expansion and continued development is in the hands of their own management. If the penetration rate is low, surely it is up to the company to market and sell itself to potential customers to try and raise the penetration rate. It is not the fault of present customers that the marketing of gas in Queensland has not happened and that the "connect on request" mentality of present network owners pervades

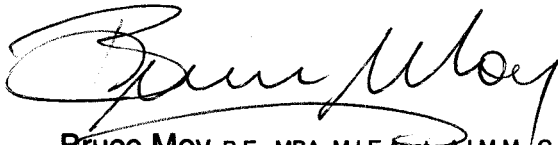
the industry. We would again be loathed to pay for past failures of the marketing arms of the network owners. The market is here and with the correct approach the rewards from the Queensland market are equally as great as from any other Australian market if the hard work is done. Don't penalise the present users for non-activity of market developers.

Finally, in any agreement on the delivery of gas to our sites, we would need to have the opportunity to negotiate on the provision of all and any services we use. This includes the MDQ's that are used as incentives to manage the demand for gas on each site. The Access Arrangement for the Queensland Distribution Network should be flexible in this area and allow for this negotiation between broad guidelines.

It is our hope that the Access Arrangement for the Queensland Distribution Network provides industry in Queensland with a network that delivers gas when and where and in the quantities required and has sufficient safeguards placed on the network managers to ensure the delivery of the service does not fall below the high standards we have become used to over the years.

Yours sincerely,

G. James Australia Pty Ltd

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

Bruce Moy B.E., MBA, M.I.E.Aust., A.I.M.M., C.P.Eng.
Director
Chief Engineer