

MEDIA RELEASE

Effective, low cost regulation for south east Queensland water retailers

30 September 2014

The Queensland Competition Authority (QCA) today released its final report recommending a new 'light-handed' regulatory framework for water retailers in south east Queensland.

"The QCA has been asked by the State Government to recommend a long-term regulatory framework for water retailers – Unitywater, Queensland Urban Utilities, Logan Water, Redland Water and Gold Coast Water," said QCA Chairman Malcolm Roberts.

"Since 2010-11 the QCA has been monitoring the prices and costs of these businesses.

"Over five years, the QCA's monitoring has found no evidence that retailers are misusing their market power. This is a reassuring result for the 2.9 million residents of south east Queensland.

"Given these results, we believe that we can safely shift to a simpler, less costly 'light handed' approach. A light handed approach is expected to halve the regulatory costs ultimately paid by customers without compromising regulatory oversight.

"The light handed approach would see the end of the costly, annual reviews of each retailer's capital and operating costs.

"Instead, retailers would report each year on a broad range of performance indicators, including service quality as well as prices. For the first time, customers and government would have ready access to a consistent set of performance information across the full range of retailers' activities.

"Retailers would also be expected to deliver efficiency gains each year, reducing the real cost of their services. This CPI-X approach, widely used in other jurisdictions, promotes a focus on productivity improvements.

"Under the light handed approach, the QCA would still have the discretion to launch detailed cost reviews or even set prices if there were grounds to believe that a retailer was using monopoly power. However, on the evidence of the last four years, it seems unlikely that these powers would need to be used.

"The QCA thanks the many people who have contributed through the public consultation process for this report," said Malcolm Roberts.