

**CRITERIA FOR DECIDING WHETHER TO DECLARE
A CANDIDATE WATER SUPPLY ACTIVITY TO BE
A MONOPOLY WATER SUPPLY ACTIVITY**

These Criteria apply to water suppliers as defined under Part 5A of the Queensland Competition Authority Act 1997 (QCA Act). A water supplier is an entity, other than the State, that carries on, or negotiates to carry on, a water supply activity and is not owned, whether legally or beneficially and whether entirely or in part, by the State or a local government. Part 5A specifically designates the South East Queensland Water Corporation Ltd to be a water supplier.

A water supply activity should be declared a monopoly water supply activity wherever its market power is such that competitive pressures do not effectively constrain its commercial behaviour.

The criteria to be addressed in determining this are:

- (a) the activity involves carrying on a business the main purpose of which is: water storage, including water storage for another person; or water delivery services; or supplying water to another person, other than supplying bottled or containerised water; and*
- (b) either:*
 - (i) there is an absence of vigorous rivalry in the market and there are barriers to entry into the market; or*
 - (ii) there is evidence that the water supply activity is exercising substantial market power which may include that it is earning an excessive return, would be earning an excessive return were it not operating inefficiently or is cross subsidising.*