

QUEENSLAND ENERGY RESOURCES LIMITED

Our Reference: 410.2

QER (Management) Pty Ltd
ABN 48 072 908 966

Your Reference: Ralph Donnet/5-19

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Date: 10/06/2004

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Queensland Competition Authority
GPO Box 2257
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Attention:
Mr Ralph Donnet

Dear Sir

GLADSTONE AREA WATER BOARD (GAWB): 2004 INVESTIGATION OF PRICING PRACTICES

I refer to your correspondence dated 29 April 2004, which invites submissions and comments on the Issues Paper addressing GAWB's pricing practices. QER has elected to confine its comments to Section 4.5, GAWB's Drought Management Plan.

GAWB's Drought Management Plan

The most recent round of restrictions were implemented as a consequence of the 2001-2 drought. There was an apparent lack of consultation with some of the local major industries prior to introduction of the restrictions. Further, the alternatives offered by the GAWB were not practicable and can best be described as 'too little, too late.'

A preferred approach is to have the GAWB provide maximum possible lead time in advance of restriction implementation. In accord with this, restrictions should be incremental so as to reduce the initial impact upon industry operations. This will allow industries to develop and implement contingencies in conjunction with the 'rounds' of restrictions.

We appreciate the efforts of the board to begin in earnest the recent rounds of consultation with industry in general. This demonstration is an excellent start and QER will actively support feedback to GAWB on matters relating to water supply and pricing.

The opportunity to provide comment on the Issues Paper is appreciated. Our point of contact for further information is our Commercial Superintendent, Bill Rogan, who can be contacted on 07-49711298 or brogan@qerl.com

Yours sincerely,



**JR PARSONS
BUSINESS SERVICES MANAGER
QUEENSLAND ENERGY RESOURCES LIMITED**