

*5 Alpine Avenue
Boyne Island Qld 4680*

9 February 2005

Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

Dear Sirs

***Re: Gladstone Area Water Board
Investigation of Pricing Practices***

I wish to submit the following comments on the Draft Proposal for Pricing Practices for water in the Gladstone Region.

The over-riding considerations for the provision of an essential service such as public water supply should be:

- o Public Health and Amenity, and
- o Conservation and Sustainable Use of a limited and valuable resource.

I support a "user pays" policy based on the reasonable cost of supply with a sliding scale to penalise excessive consumption. For commercial and industrial use a commercial rate of return on capital investment may be appropriate.

The recent expansion of the capacity of Awoonga Dam was based on the premise that a reliable water supply must be provided to attract industry to this area. That decision was made by GAWB and authorised by the Queensland Government. The cost of capital expansion for future users should be borne by those whom it benefits, that is, those future consumers. It is grossly unjust that pricing policies should now force existing consumers to meet higher charges without receiving any substantial benefit. In particular, the public water supply infrastructure for the residents of Mt Larcom township was provided by Cement Australia (formerly QCL) following disruption to their previous water supply arrangements by mining activities. As reported in the local media, a massive increase in the charges applied to these consumers is not justified.

I would point out that during the public discussion period for the raising of Awoonga Dam I presented a submission that the most effective short term means of providing additional water was the reduction of wastage and more effective use of the water currently supplied rather than immediately raising the level of the dam wall. The GAWB response effectively said that they are in the business of supplying water, not conserving the resource. This is a flawed argument. During the recent drought period GAWB were forced to conserve water through the application of water usage restrictions to their consumers. During and following this period Gladstone and District consumers proved that water conservation measures do work and water consumption has remained at levels less than before the drought period. It now appears that GAWB is unable to meet its increased costs from the reduced level of revenue.

I submit that the proposed increase in water service and usage charges is penalising consumers who are not responsible for the current shortfall in revenue to the monopolistic GAWB and is not justified.

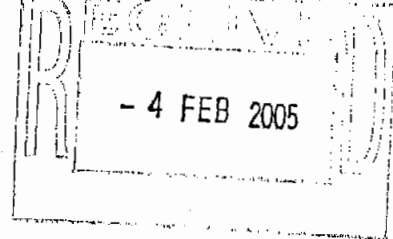
Yours faithfully

Neville A Gersch

Cc Liz Cunningham MP, Gladstone

5 Alpine Avenue
Boyne Island Qld 4680

2 February 2005



Hon Stephen Robertson
Minister for Natural Resources and Mines
PO Box 456
Brisbane Albert Street Qld 4002

Dear Mr Robertson

Re: Proposed increased Water Charges by Gladstone Area Water Board

I must protest most strongly to the recently announced proposal to increase water charges for the Gladstone Region. While I subscribe to the "user pays" policy I submit that the current proposal is not justified.

During the public discussion period for the raising of Awoonga Dam I presented a submission that the most effective short term means of providing additional water was the reduction of wastage and more effective use of the water currently supplied rather than immediately raising the level of the dam wall. The GAWB response effectively said that they are in the business of supplying water, not conserving the resource. During the recent drought period GAWB were forced to conserve water through the application of water usage restrictions to their consumers. During and following this period Gladstone and District consumers proved that water conservation measures do work and water consumption has remained at levels less than before the drought period. It now appears that GAWB is unable to meet its increased costs from the reduced level of revenue. I submit that an increase in water usage charges is penalising consumers who are not responsible for the current shortfall in revenue to the monopolistic GAWB.

The recent expansion of the capacity of Awoonga Dam was based on the premise that a reliable water supply must be provided to attract industry to this area. That decision was made by GAWB and authorised by the Queensland Government. It is grossly unfair that existing consumers should be forced to effectively subsidise this expansion through higher charges without receiving any substantial benefit. The cost of capital expansion for future users should be borne by those whom it benefits, that is those future consumers.

Yours faithfully

Neville A Gersch

Cc Liz Cunningham MP, Gladstone