

From: Richard Koerner [rjkoerner@inet.net.au]
Sent: Monday, 25 July 2011 12:59 PM
To: Cath Barker
Subject: Fw: Correspondence from the Queensland Water Commission - SEQ Price Monitoring
Attachments: Response - Waldman to Richard Koerner - revaluation of Seqwater assets.PDF

Follow Up Flag: Follow up
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This email contains an attachment that may be work related and must be filed into the DMS. If you need assistance with the Executive Officer at xo@qca.org.au.

Dear Ms Barker,

Attached is the latest correspondence dated 22 July from the Queensland Water Commission (QWC).

You will note that the final sentence of paragraph three suggests that QCA is now instructed to investigate the ministerial determination of the 1 July 2008 Initial Regulated Asset Base for SEQ government monopoly business enterprises by the Queensland Government. This is surprising as terms of reference for 2011/12 SEQ Water Sector Price Monitoring given by the Ministers QCA precludes such an investigation as was the case in prior years.

Is this interpretation of the attached QWC correspondence correct? If so would the Queensland Bulk Water Supply Authority be included within the scope of any such investigation?

Kind regards,

Richard Koerner

----- Original Message -----

From: Mcmaster Rosemarie
To: rjkoerner@inet.net.au
Sent: Friday, July 22, 2011 4:33 PM
Subject: Correspondence from the Queensland Water Commission

Please find attached correspondence from the Queensland Water Commission.

Hard copy will be posted today.

Regards.

Rosemarie McMaster
Executive Assistant to the Chief Executive Officer - Karen Waldman
and the Commissioner - Mary Boydell
Queensland Water Commission
Level 16, 53 Albert Street, Brisbane QLD 4000
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Our ref: ME/11/0396

22 JUL 2011

Mr Richard Koerner
31 Fauna Terrace
Coolum Beach QLD 4573
Email: rjkoerner@iinet.net.au

Dear Mr Koerner

Thank you for your email of 3 July 2011 regarding Seqwater's revaluation of its dams and weirs as disclosed in its 2009/10 Annual Report.

As you correctly point out, under sections 1.12(a) and 2.2 of the South East Queensland (SEQ) Market Rules, the Queensland Water Commission (QWC), in the role of Rules Administrator, is responsible for the administration and enforcement of the SEQ Water Market Rules (the Market Rules).


As you are no doubt aware, the Price Regulator under *Chapter 8 – Pricing* of the Market Rules is the Minister for Energy and Water Utilities. The QWC has an advisory role to the Price Regulator. The Queensland Competition Authority has been directed to investigate and recommend bulk water Grid Service Charges for the 2011-12 period.

The revaluation of Seqwater's assets in 2009/10 does not affect Seqwater's Regulated Asset Base (RAB) which is used for regulatory pricing purposes. The RAB used to calculate Seqwater's Grid Service Charges is the Initial Regulated Asset Base established at 1 July 2008 which is then updated (or rolled forward) each year to reflect prudent capital additions, disposals and depreciation. This is consistent with the National Water Initiative (NWI) Pricing Principles.

The revaluation of the Seqwater assets in 2009/10 is a matter for Seqwater and consequently the QWC does not have any information on the methodology used for the revaluation. If you require further information on the revaluation I recommend you contact Seqwater directly on 07 3035 5500.

If you require any further information, please feel free to contact Ms Tracie-Lee Waldoock, Director, Water Reform, Queensland Water Commission on 3405 3550.

Yours sincerely



Ms Karen Waldman
Chief Executive Officer