



Senator the Hon Don Farrell

Parliamentary Secretary for Sustainability and Urban Water

Mr Richard J Koerner
31 Fauna Terrace
COOLUM BEACH QLD 4573

C11/11560

13 JAN 2012

Dear Mr Koerner

I refer to your letter of 2 November 2011 to the then Assistant Treasurer, the Hon Bill Shorten MP, concerning Queensland water prices. Mr Shorten referred your letter to the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP. Your letter was forwarded as the matter you raised falls within my portfolio responsibilities.

The Australian Government does not have a role in setting prices or in regulating urban water services. This responsibility lies with state and territory governments.

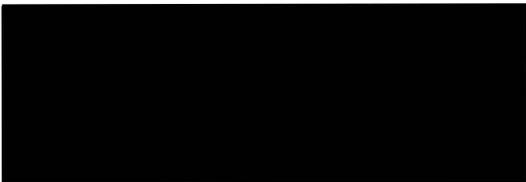
As part of the national water reform framework the Council of Australian Governments agreed that an assessment be undertaken of the urban water sector and the possibility of further microeconomic reform. In 2010 the Australian Government referred this assessment to the Productivity Commission, the terms of reference for which were agreed by all state and territory governments.

The Productivity Commission's final report, 'Australia's Urban Water Sector', was publicly released on 12 October 2011 following broad consultation. I note that you provided submissions to the inquiry outlining your concerns relating to pricing and transparency in Coolum Beach and throughout South East Queensland. The government is considering the Productivity Commission's recommendations, noting that many of the recommendations relate specifically to state and territory governments.

In considering any future reform of the urban water sector, the government will continue to work closely with state and territory governments through the Council of Australian Governments as it reviews the National Water Initiative. The Productivity Commission's report along with other recent reports on water reform will be considered as part of this process.

Thank you for writing on this matter.

Yours sincerely



Senator Don Farrell