

24 August 2011

The Chief Executive Officer
Queensland Competition Authority
Level 19, 12 Creek Street
GPO Box 2257
Brisbane QLD 4001

Dear Sir

Submission - Price Monitoring of SEQ Water and Wastewater Distribution and Retail Activities – Queensland Urban Utilities
Our ref: government relations - submissions - submissions

I understand that member councils have been given the opportunity to provide submissions in relation to the above review.

I confirm that Council resolved as follows on 24 August 2011:

That a submission to the Queensland Competition Authority water price monitoring review be made including as follows:

CPI price caps

The South-East Queensland Water (Distribution and Retail Restructuring) Act was recently amended by introducing the requirement that price increases for 2011/12 and 2012/13 are capped at the Consumer Price Index for Brisbane. The imposition of price caps has significantly hampered the ability of Queensland Urban Utilities (QUU) to simplify its tariff structure prior to 1 July 2013. QUU currently maintains five sets of tariffs for identical services throughout its coverage area. The changes to the law do not allow QUU to equalise these five sets of tariffs. This increases QUU's administrative costs and causes confusion for water and sewerage customers.

Carbon pricing

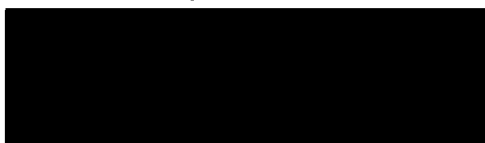
On 10 July 2011, the Prime Minister announced her intention to implement a price on carbon pollution via a Clean Energy Future Plan (CEFP). Under the CEFP, large emitters will be required to buy and surrender to the Commonwealth Government a permit for every tonne of carbon they emit. Facilities that have emissions in excess of 25,000 tonnes of carbon-dioxide equivalents a year are required to participate in the CEFP.

Whilst it is still to be determined if QUU meets the facility threshold, Council believes that the CEFP would indirectly and adversely impact QUU through above-CPI increases in input costs because the supply of water and wastewater services depends heavily on the consumption of energy, chemicals, manufactured pipe and other industrial inputs that would potentially increase by greater than CPI.

The price cap should be amended to treat carbon pricing in the same way as the above-CPI State Government bulk water price increases."

When calling please ask for Geoffrey Smith.

Yours faithfully



Robert Bain
Chief Executive Officer

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