

11 FEB 2011

17 February 2011

26 Spindrift Avenue
Coolum Beach Qld.4573

DATE RECEIVED

The Chief Executive Officer
Queensland Competition Authority
G.P.O. 2257
Brisbane Qld.4001

Re: Public comments on Draft Report SEQ Interim Price Monitoring for 2010/11-Part B

Dear Sir/Madam,

Please refer to my submission dated 26 August 2010 with its supporting correspondence submissions that are now posted on the QCA's web-site, and the Draft Report's Section 3.5 headed The Initial Regulatory Asset Base. Paragraphs under the heading Stakeholder Submissions (pps. 149-150) of the draft Report do not adequately address my concerns regarding Unitywater's compliance with NWI Regulatory Pricing Principles.

Correspondence from the Minister Natural Resources dated 17 December 2010 provides no additional transparency relative to issues raised concerning non-current asset valuations for SEQ bulk water assets purchased from S.E.Qld. councils as at 30 June 2008. Capital recovery charges developed by the Queensland Water Commission for pass-through in bulk water charges are unlikely to be consistent with those determined using methodology mandated in NWI agreements.

The draft report is silent regarding The Initial Regulatory Asset Base determinations of the Queensland Government raised by other stakeholders apart from the QCA's decision to accept the Minister of Natural Resources determinations stated in the final paragraph of Section 3.5.

The Minister's QCA terms of reference require the draft report to provide transparent information to consumers about the costs and other factors underlying the annual increase in water and wastewater prices. Transparency with respect to the derivation of The Initial Regulatory Asset Base is essential to satisfy this requirement as far as capital recovery costs are concerned. KPMG's discounted flow approach cited by the Treasurer in QTO - 09535 has not been made available, and the Minister of Natural Resources Office has not provided information requested in correspondence dated 27 December 2010. QCA has a regulatory responsibility to have regard to the protection of consumers from abuses of monopoly power.

Given the above obligations QCA's acceptance of an Initial Regulatory Asset Base at 1 July 2008 determined by the Minister for Natural Resources without prior performance of independent prices oversight prevents this report from fulfilling transparency requirements and performance of regulatory responsibilities with respect to consumer protection. For these reasons Section 3.5 is not helpful in providing consumer protection against monopoly pricing abuse by Queensland Government owned commercial business entities and requires substantial redrafting.

Yours sincerely,


Amy-Rose West

Cc Ms. Mary Balzary General Manager Ministerial Communications Division The Treasury