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1 August 2012

Hon. Mark McArdle MP
Minister for Energy and Water Supply
PO Box 15456 City East
Brisbane Qld. 4002

Dear Hon. Minister,

Thank you for your letter dated 24 July outlining the Government's response to ongoing predatory pricing for water and sewerage services suffered by Coolum Beach households and throughout South East Queensland (SEQ). Residents in the former service area of Maroochy Water Services have now suffered predatory pricing abuse in excess of the maximum allowable revenue permitted under National Water Initiative (NWI) Pricing Principles amounting to some \$200 million over the last decade. Correspondence supporting this contention is posted on the Queensland Competition Authority (QCA) 2011/12 SEQ Prices Monitoring investigation web-site as R. Koerner Submissions #1 through #25, and A-R West Submissions #1 through #6 that can be accessed via the link:
<http://www.qca.org.au/water/SEQRetailPriceMon/1112review.php>.

It is not clear that the response dated 24 July has considered forensic documentary material provided in these public submissions. Nor has the Government amended terms of reference given QCA to permit independent assessment of 1 July 2011 water grid regulatory assets (RAB). The roles of Queensland Treasury, the Queensland Water Commission and KPMG in providing flawed advice to former Ministers QCA and the Minister for Energy and Water Supply relating to RAB determination can be noted in R.Koerner Submission 1. Restrictive terms of reference for QCA's current 2012/13 SEQ grid service charge investigation prevented independent assessment of the 1 July 2011 RAB determinations mandated by the former Minister for Water. Consequently SEQ water consumers are being denied QCA's independent assessment of some 60% of grid service charges for 2012/13 as has been the case in previous grid water service charge investigations.

Cover-up of inflated RAB determinations by Maroochy Water Services, Sunshine Coast Water, and Unitywater was initially orchestrated by senior financial officers of Maroochy Council and Queensland Treasury. This cover-up was condoned by past Ministers QCA, Ministers for Local Government and Ministers for Natural Resources and Water Utilities. Consumer protection envisaged under COAG water reform agreements was in effect vetoed by the former Government, accompanied by the removal of public transparency and failure of independent audit processes as is described in R.Koerner Submissions 23 and 24.

Terms of reference given to conduct SEQ water and sewerage service prices monitoring investigations for 2009/10, 2010/11, 2011/12 and 2012/13 have prevented performance of QCA's statutory obligations with respect to consumer protection as highlighted in pages 264 and 265 of the 2011/12 SEQ prices monitoring investigation's Final Report - Part B. Please take up the matters described in paragraphs one and two of page 265, including ongoing grid service predatory pricing practices, in the cost of living interests of all residents in the service area of Unitywater and on behalf of all households serviced by SEQwater.

Yours sincerely,

R..J. Koerner
Former External Director
Maroochy Water Services Advisory Board

Cc Ms. Kim Harrington
A/g Manager Parliamentary Services Unit
The Treasury