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Dear Sir/Madam

REQUEST FOR COMMENT - STATEMENT OF REGULATORY PRICING PRINCIPLES NOVEMBER 2020

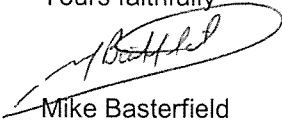
This submission from Logan City Council is in response to correspondence from Queensland Competition Authority regarding the investigation into the statement of regulatory pricing principles for the water sector. We are very pleased to register our interest and participate in this investigation as a key stakeholder. We look forward to being actively involved and submit the following initial high level comments for inclusion in your considerations:

1. We support postage stamp or uniform pricing for bulk water services across South East Queensland so that all customers are treated equally. In addition, we support charging uniform prices for water and sewerage services to customers across our local government area for residential and non-residential customer types.
2. Pricing principles should take into account regulatory precedent in other states of Australia.
3. Pricing principles should reduce the impact of price shocks to customers including smoothing of future price paths and transition arrangements by making prices more predictable.
4. Tariffs should have an optimal mix of fixed and variable charges that allow customers to respond to price signals particularly in the case of water consumption.
5. Pricing should be simple, easy to understand and implement.

6. We agree with scarcity pricing in periods of drought and declining bulk water storages where additional sources such as desalination result in additional variable costs to supply bulk water. In our opinion, these additional costs should be built into the following year's bulk water price ie in arrears, to ensure the bulk water supplier's additional costs are recovered. This will ensure prices charged to customers by utilities can be adjusted once at the beginning of the following financial year based on actual costs incurred in the previous year. The alternative option of linking the recovery of additional bulk water costs from utilities to different bulk water storage levels in the financial year which it occurs will involve changing bulk water prices at different times during the year. This is not supported as under the Local Government Act, Council can only adjust prices to customers once per year.

The contact officer for the submission on the statement of regulatory pricing principles is Mr David Kelloway, Water Financial Management Program Leader.

Yours faithfully

A handwritten signature in black ink, appearing to read "Mike Basterfield", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

Mike Basterfield
Group Manager Logan Water