

Please refer to correspondence Attachments 1,2 and 3 to the submission acknowledged below from Asia Pacific Strategy (APS), and consider the following submission.

The Commission's *Australia's Urban Water Sector Inquiry* (the Inquiry) considered public submissions made on behalf of Coolum Resident's Association Inc which are listed in Table A.1 on pages 3 and 4 of Inquiry Report Volume 2, dated 31 August 2011.

Please also note the Inquiry report Volume 1 dated 31 August 2011 pps. 297-300, and consider several submissions expressing concern regarding monopoly pricing abuse by the Queensland government's commercial business entities supposedly subject to COAG's National Water Reform agreements.

The Inquiry report Volume 2 Item B.4 spells out regulatory arrangements. It cites the Queensland Competition Authority (QCA) intended role in performing independent prices monitoring studies under terms of reference set by Ministers for Water. Please consider submissions No. 40, and DR113 to the Inquiry.

Correspondence from Federal Treasury (Attachment 1) suggests Queensland Governments have not passed appropriate legislation endorsing the pricing guidelines issued by QCA. Terms of reference (TOR) for QCA prices monitoring investigations by Ministers for Water have been restrictive and not issued in accord with QCA pricing practice guidelines, rendering QCA's oversight regulatory role ineffective.

### **Summary**

The Inquiry report Volume 1 Section 11.1 pps. 297-30 describes economic consequences of X-inefficiency.

This submission contends households of Sunshine Coast Regional Council (SCRC) have long been subjected to X-inefficiency consequences set out on page 297 of the Inquiry.

### **Discussion**

State commercial business entities that provide water services were advised of predatory pricing abuse by the Maroochy Water Services Advisory Board in 2003. Maroochy Water Services was subsequently amalgamated with Noosa Water Services and Calappa, to become Unitywater and provide water services to Sunshine Coast residents. Residents living in Unitywater's service area have been overcharged more than \$250 million in excessive water service charges.

Predatory pricing abuse continues a rate of about twenty million dollars a year.

The restrictive TOR set for water prices monitoring studies since 2009/10 have prevented independent investigation of pricing by Unitywater, rendering the QCA ineffective in protecting SCRC water services consumers.

Yours sincerely,

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