

Attn. Productivity Commission National Water Reform Inquiry

Coolum Residents Association (CRA) strongly endorses the water services reform intents of Section 11 of the National Water Reform draft report dated February 2021 (the Report).

Please now refer to dot point items 1,3,5,and 6 of Report's Advice 11.2 on page 19, and consider the role of Unitywater as a water and sewerage treatment commercial business subsidiary of the Queensland Government.

CRA contends residents living in Unitywater's service area on the Sunshine Coast have been overcharged some \$300 million in excessive water and sewerage service charges since 2008. Charging abuse continues at the rate of about \$20 million a year. Distributions of Unitywater's monopoly profits to Sunshine Coast Regional Council (SCRC) has enabled unprofitable investment in commercial business ventures together with debt financing of a similar magnitude by Queensland Treasury.

Financial consequences show in SCRC's annual long-term sustainability statements attached.

CRA membership is of the view that adoption of best practice independent regulation of Unitywater's charging practices described in Advice 11.3 and 11.4 of page 19 would more than offset ongoing X-inefficiency costs being incurred by SCRC stakeholders.

Discussion

The Queensland Government has not adopted the COAG agreed NWI Pricing Principles with the appropriate legislation in order to protect consumers.

Commercial business entities providing water and sewerage services for Coolum Beach residents were first advised in 2002 of the possibility of predatory pricing abuse by the Council's Maroochy Water Services. The Maroochy Water Service Advisory Board formally advised Council that charges were above maximum permissible revenue limits in March 2003.

The Council's reaction was in classic cover-up mode. The Advisory Board was sacked at an emergency Council meeting on December 10, 2003. These problems were further exacerbated because State Government ministers and officials were themselves involved in approving natural monopoly services over-charging by restrictive terms of reference for price monitoring investigations.

Restrictive terms of reference set for Queensland Competition Authority (QCA) prices monitoring assessments since 2009/10 have prevented effective investigation of predatory pricing abuse by Unitywater as described in the attachment dated 23 August 2010.

CRA contends it is necessary that a comprehensive investigation be done embracing the reform intent of the Section 11 Advice 11.2 by permitting independent reassessment of the 2008 Regulatory Asset Base (RAB) and carry forward RAB valuations adopted in all subsequent years.

Also attached as an appendix to the initial information sent 4 March is a supporting submission to Queensland Parliament's Economic and Governance Committee #006 dated 23 May 2019 demonstrating X-inefficiency consequences of urban water service predatory charging practices.

Kind regards,

Richard Koerner

Treasurer Coolum Residents Association Inc.