

24 February 2014

Mr Malcolm Roberts
Chairman
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Mr Roberts

Thank you for your letter of 23 January 2014 regarding the pass through of bulk water charges in South East Queensland (SEQ).

I understand that you are seeking advice from the department on whether there is a legislative policy or contractual framework requiring the total volumetric charges (bulk plus retail) set by a South East Queensland council-owned business, to at least equal the bulk water price set by government.

It is the understanding of the department that the relevant legislation does not require the total volumetric charge (including bulk and retail components) which is passed onto the customer by an SEQ service provider to at least equal the bulk water charge paid by the SEQ service provider to Seqwater.

In terms of the policy framework, there are no specific requirements as to how a council-owned business sets its charges for providing water and sewerage services. In other words, the setting of retail charges by a council-owned business is a matter for the business itself.

In terms of the contractual framework, each council-owned business has a contract with Seqwater which relates to the supply of bulk water services known as a bulk water supply agreement. In terms of prices and/or charges, this agreement only covers the price each council-owned business has to pay Seqwater for bulk water and not the specifics of how the council-owned business passes these charges onto its customers.

If you require further information please contact Ms Anita Payne, Chief Economist, Water Supply Policy and Economics on 3137 4269.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dan Hunt', written in a cursive style.

Dan Hunt
Director-General
Department of Energy and Water Supply