

QLD COMPETITION AUTHORITY

01 FEB 2018

DATE RECEIVED

Our ref: A4908239

Charles Millstead
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

25 January 2018

Dear Mr Millstead

Unitywater's response to QCA's draft report: Review of Seqwater Bulk Water Prices 2018-21

Thank you for the opportunity for Unitywater to provide feedback on the QCA's draft report: *SEQ Bulk Water Price Path 2018-21* and for considering our initial submission to the process in September 2017.

Given bulk water is Unitywater's largest expense which in 2017-18 represents 54% of the average customer's water bill in the Sunshine Coast and Noosa region and 51% in the Moreton Bay region respectively, we support:

- a. The transparency of the process to inform stakeholders of the costs involved in providing a secure, reliable and high-quality water supply; and
- b. The objective to ensure bulk water pricing reflects prudent and efficient costs.

Unitywater recognises that the QCA can only respond to the Ministerial Direction as drafted including to recommend tariffs that are purely volumetric.

The draft QCA report presents two pricing options which are based on the same demand assumptions:

- a. Option 1 meets the following criteria:
 - i. a common price (for all council areas, except Redland City, Sunshine Coast and Noosa) that is reset in 2018–19 and then increases by inflation
 - ii. transitional price paths for Redland City, Sunshine Coast and Noosa council areas that reach the common price by 2019–20.
- b. Option 2 presents an alternative pricing option that smooths any price increases for all council areas (including Redland City, Sunshine Coast and Noosa) over the regulatory period.



Unitywater

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Customer feedback has been a focus for many years at Unitywater in forming our water and sewerage services pricing strategy. This feedback has shown that our customers are highly sensitive to any inconsistent cost changes, in fact price drives 66% of our customers' perception of "value for money". Unitywater's research also indicates that water and sewerage customers do not differentiate between Unitywater and Seqwater.

For this reason, Unitywater supports Option 2 which presents the 'smoothed' price increases across all council areas. This option eliminates any cross regional inequity and provides for consistent price increases.

Should you require any further information please contact Danny Power, Manager Corporate Performance on (07) 5431 8783.

Yours sincerely

George Theo
Chief Executive Officer