

20 November 2007

Contact Officer: Ross Paroz  
Contact Phone No.: (07) 4970 0743

Our Ref: RP:sa

Queensland Competition Authority  
GPO Box 2257  
Brisbane, Qld. 4001

Attention: Paul Smith / Rick Stankiewicz

Dear Sir

**DRAFT REPORT - "Gladstone Area Water Board: 2007 Investigation of Pricing Practices - Contingent Water Supply Strategy"**

I write to confirm that Council, at its meeting of the 14 November, 2007 approved the e-mail response by Council's Director Infrastructure Services - which was provided by the closing date of the 2 November, 2007. Only a minor change to wording has been included below to clarify the original intent:

*Selection of Contingent Supply Option*

- *GAWB's Submission listed as its second ranked surface water options 'a weir on Baffle Creek to 25m and connecting pipeline to Awoonga Dam'.*
- *With the Miriam Vale Shire (MVS) being amalgamated with Gladstone City and Calliope Shire and the MVS currently proposing a desalination plant for the Agnes Water area, it would seem prudent that a desalination option be investigated as a Board option (page 39) and to also include securing an allocation under the Baffle Creek Water Resources Plan (p 37).*
- *Under GAWB's Charter (p 2), GAWB is responsible for the supply of raw and treated water to industrial and local government customers in the Gladstone Area. The Agnes Water / Town of 1770 / Miriam Vale townships are to be part of the Gladstone Regional Council.*

*The QCA's comments about the impacts on pricing (p 51) are of concern - in that the QCA estimates that prices would need to increase by around \$410/ML on average under a low demand scenario and by around \$310/ML under a high demand scenario. Our 2007/08 price is currently \$849.29/ML. This equates to a 36.5% to 49.4% increase on current prices.*

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*Existing local government sales comprise 20% of the GAWB's business and it would seem that the future industry growth is the main driving force behind urgent sourcing of a contingent supply, therefore future industry and development should see some form of "headworks charge" so that existing ratepayers are not burdened unnecessarily.*

In Council's review of the matter, the distribution of the cost of the project via water pricing was of major concern. We reiterate that as the main driving force behind the urgent sourcing of a contingent supply is for future major industry growth within the region (as evidenced by the link to an Aldoga Reservoir), Council is of the opinion that current water users, in particular the urban communities should not bear the cost of undertaking the project. We have also brought this issue to the attention of the Coordinator General through the Department of Infrastructure and Planning and advised that we will work with the Queensland Competition Authority to have this important issue considered.

Should you have any further queries in relation to this matter, please do not hesitate to contact me on 4970 0702 or in my absence, the Director Infrastructure Services, Ross Paroz on (07) 4970 0743.

Yours faithfully

JM REITANO  
CHIEF EXECUTIVE OFFICER