

The Queensland Competition Authority monitors the prices, costs and revenues of five water retailers in south east Queensland, including Gold Coast Water.

The Queensland Competition Authority (QCA) monitors retailers to ensure that these businesses are not using their monopoly power to set prices higher than is necessary.

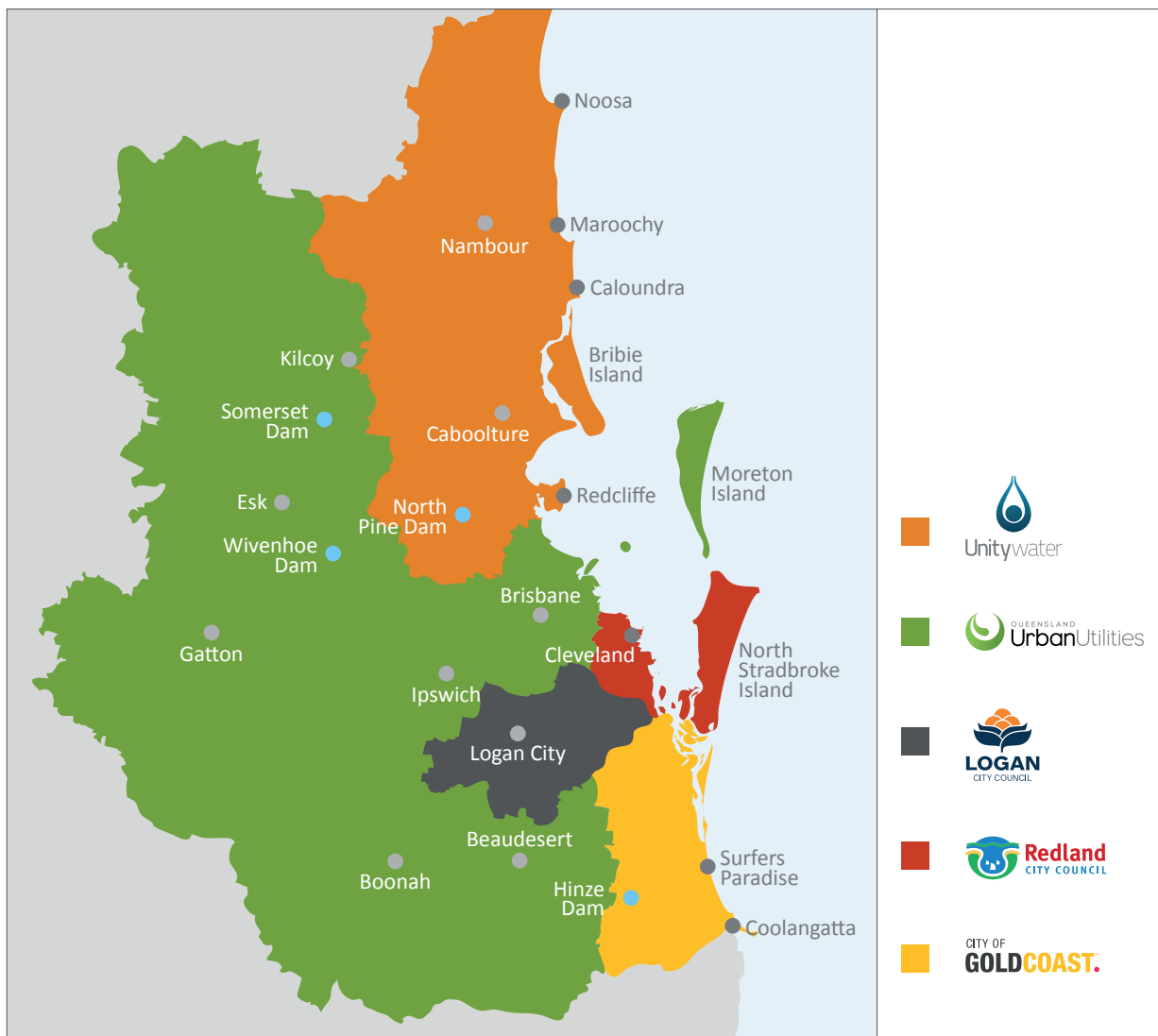
The QCA has released its draft 2013–15 price monitoring report for the five water retailers – Unitywater, Queensland Urban Utilities, Logan Water, Redland Water and Gold Coast Water.

Our overview fact sheet explains the general findings of our review. This fact sheet outlines the findings for Gold Coast Water.

Gold Coast Water provides distribution and retail water and sewerage services to the Gold Coast City local government area.

These services include distributing treated water to homes and businesses, treating and disposing of sewage and other wastewater, and issuing bills.

Water retailers



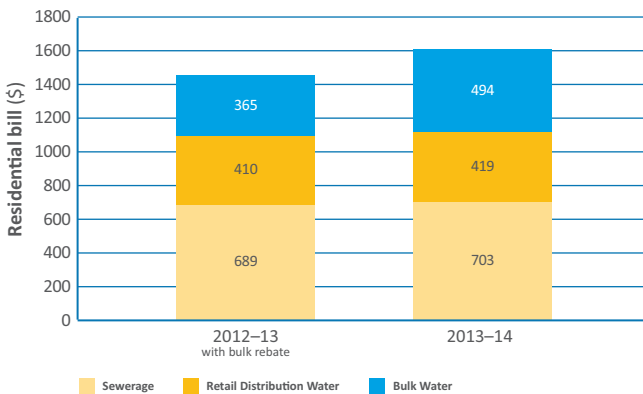
Gold Coast Water

Residential Bills

The QCA found that residential bills for 2013–14 for a household using 200 kilolitres of water a year will increase by 10.4%. The increase arises from changes in retail and distribution charges, bulk water charges and the expiry of the bulk water rebate.

The increases in residential bills are higher than those published by Gold Coast Water in June 2013: the June figures did not include the impact of the expired rebate. To help customers understand changing prices, we recommend water retailers explain the reasons for the change in each part of the bill as well as the overall change.

Gold Coast Water’s residential bill increases in 2013–14



Costs

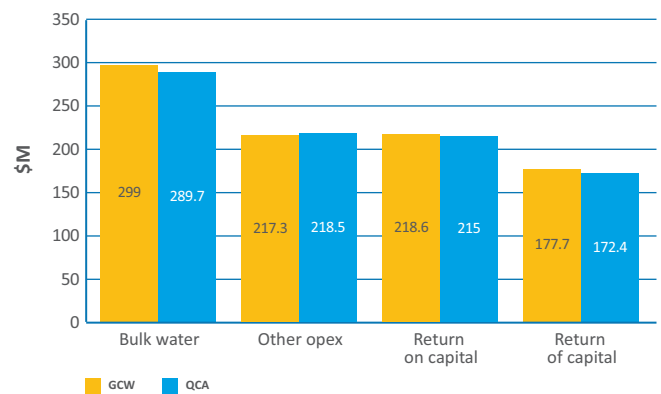
Part of our role is to establish whether Gold Coast Water’s costs are both required (prudent) and as low as possible (efficient). Our estimates of prudent and efficient costs then determine the maximum allowable revenue (MAR) for the business.

The MAR is a key test for monopoly pricing. If a business’s revenue significantly exceeds the MAR for a sustained period, the business may be using its monopoly power to obtain unjustified returns.

Costs – draft findings

The QCA found that Gold Coast Water’s costs of supplying water and sewerage activities could be 1.9% (\$17m) lower across 2013–15. For example, the QCA believes that bulk water demand is likely to be lower than forecast by Gold Coast Water.

Gold Coast Water’s costs for 2013–15 – Gold Coast Water and QCA calculations

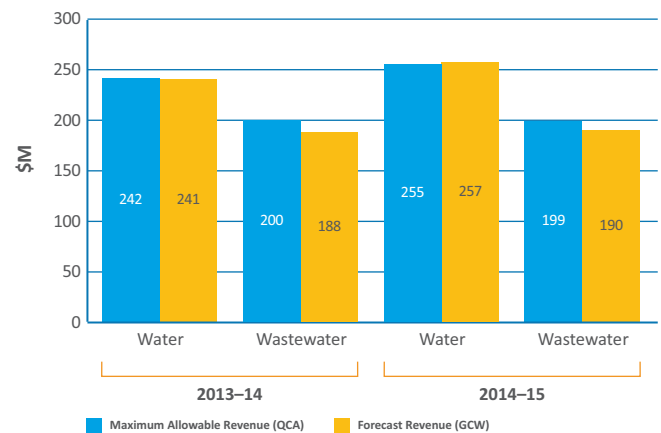


Revenues – draft findings

Gold Coast Water’s revenues are below prudent and efficient costs. Gold Coast Water’s revenues are 2.9% below the QCA’s MAR in 2013–14 and 1.6% below in 2014–15.

We therefore found no evidence of Gold Coast Water’s exercising monopoly power in 2013–15.

Gold Coast Water’s revenues for 2013–15 – Gold Coast Water and QCA calculations



Have your say – submissions

Submissions on our draft report are welcomed and should be submitted no later than 28 February 2014. Our final report is due on 31 March 2014.

Visit our website for more information: www.qca.org.au