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Media release

Queensland Competition Authority draft report released

A draft report released today by the Queensland Competition Authority (QCA) has found that Allconnex Water charges below recovery costs for water and wastewater services.

Allconnex Water CEO Kim Wood welcomed the report, *SEQ Interim Price Monitoring*, that provides information about the costs of water and wastewater.

"The report, a first of its kind for South East Queensland water and wastewater distributor retailers, finds that Allconnex's current revenues are below the maximum allowable revenue (MAR)," Mr Wood said.

"That highlights that we are serious about taking a long-term approach to recovery of costs and managing price shocks for our customers. "

The report details that Allconnex's forecast total water and wastewater revenues of \$591.7 million "fall well below" the maximum allowable revenue of \$765.2 million, meaning customers are not being charged the full cost of water and wastewater services.

The Authority (QCA) found that for 2010/11:

- *Queensland Urban Utilities' forecast total water and wastewater revenues of \$718.9 million marginally exceed the MAR of \$708.3 million;*
- *Allconnex's forecast total water and wastewater revenues of \$591.7 million fall well below the MAR of \$765.2 million; and*
- *Unitywater's forecast total water and wastewater revenues of \$372.3 million fall below the MAR of \$392.3 million.*

Overall, on the information available to date, the Authority has not found evidence of an exercise of monopoly power in 2010/11.

The QCA undertakes an annual review of water and wastewater prices and commencing 1 July 2013 will determine prices.

Allconnex Water will provide a response to the report and is committed to working positively with the QCA to transition to deterministic pricing from 1 July 2013.

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