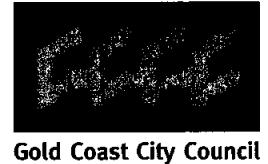


Date: 1 April 2003
Contact: Mr Evan Thomas
Location: Nerang Office
Telephone: (07) 5582 88430
Your Reference:
Our Reference: ER129/288/-(P31)



Mr Sebastian Roberts
A/g General Manager
Regulatory Affairs - Electricity
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

FILE No:
DOC:
MARS/PRISM:

Dear Mr Roberts,

Thank you for allowing the Gold Coast City Council a one-week extension from the due date of the 28th of March 2003, to lodge our submission to the review of the Electricity Transmission regulatory test. On 21st March Council Resolved (G03.0321.033) *that the Chief Executive officer be requested to make a submission to the Australian Competition and Consumer Commission supporting the need for the Electricity Transmission regulatory test to be broadened to include consideration of all factors associated with issues such as environmental degradation, impact on property values, and impact on visual amenity.*

The Council's interest in this matter arises from recent experience with the application of the current form of the regulatory test in the Greenbank to Molendinar 275kV Transmission Line Project by The Queensland Government owned distribution company Powerlink.

The Council actively participated in the process identifying a number of environmental and social issues that were relevant to the regulated investment and were successful in achieving some realignment of the original easement. However, the process highlighted significant issues with the regulatory test. These were:

- The focus on the costs and benefits only associated with the market and not with issues directly impacted by the augmentation but that are not part of the 'market'.
- The process of consultation that is focussed more on marketing a predetermined outcome to a community rather than genuinely consulting with the community on the best possible outcome.

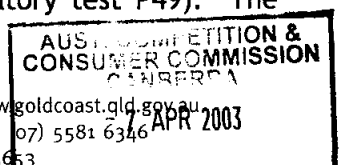
Our concerns echo those expressed by the Productivity Commissions review of the National Strategy for Ecologically Sustainable Development (1992) that found a general lack of adoption of the strategy by Federal and State government bodies. While many of the specific issues related to the Energy sector have been initiated (NSES 1992, Pp46-47) Section 8, key features of the strategy have been ignored or passed over as too hard. These are:

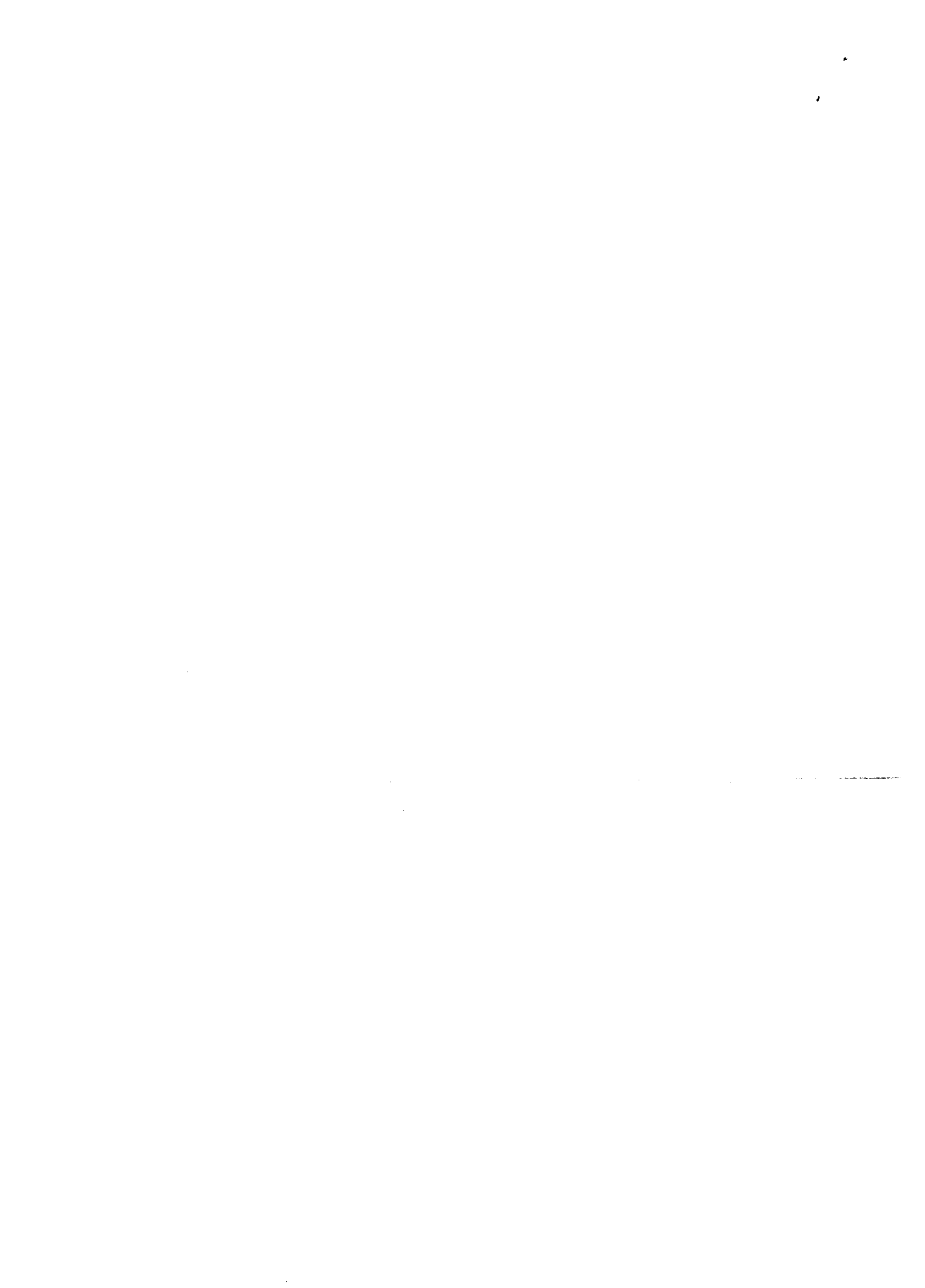
- That decisions and actions should provide for broad community involvement on issues which affect them.
- The incorporation of externalities into decision making

The term 'involvement' used on the NSES implies much more than is required in the regulatory test which merely asks the proponent to communicate an "understanding of how a decision is made" during the consultation process not to involve the affected community in the decision (Discussion paper - review of the regulatory test P49). The

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result of this can be the presentation to a community of a limited range of options none of which address the concerns of the community.

Since 1992 there has been considerable effort in developing acceptable approaches to incorporating social, economic and ecological issues into decision-making such as Choice Modelling and Environmental Accounting, and is increasingly a requirement of Government at all levels. However the regulatory test only requires that the net public benefit, as measured by the limited definition of market, be combined with any specific issues nominated by the Government be considered. Local government is not specifically referred to and is largely included in with the community as part of the 'consultation' process.

For example listed below are some specific issues not considered in the recent application of the test in the Gold Coast.

- Lack of consistency with the NSESD and the Queensland Government's *Energy Policy*, which specifically provides programs targeted at supporting renewable and innovative energy technologies and reducing greenhouse gas emissions
- Major environmental degradation to the Nerang State Forest - clearing a 60m wide pathway through the forest, with resultant edge effects, erosion and loss of species. (Note in the year 2000 scientists working for the Gold Coast City Council identified 13 benthic species *new to science* in the headwaters of Coombabah Creek in an area to be traversed by the powerlines);
- Major visual impacts in the Coomera Valley - an area recognised in the *Gold Coast City Planning Scheme* for its visual significance;
- Major visual impacts at Nerang recognized as a key centre in the *Gold Coast City Economic Development Strategy* and targeted as the focus of the City's 'World Class Environment';
- Negative impacts on the perception of the Gold Coast City as a *City of Vision* - towers up to 51m (17 storeys) high directly adjacent to the most significant transportation corridor and infrastructure in the City (M1, railway, and proposed inter-regional arterial);
- Lack of consideration of affected landholders: Hymix Quarry seeking \$50,000,000 in compensation due to inability to fully utilise existing site and the permanent quarantining of a significant natural resource of State interest. Property values for other landholders along the route have also been negatively affected.
- Amenity, health concerns of residents in the Coomera Valley and Nerang;
- Safety concerns of DMR (and presumably Queensland Rail) re storm damage and impacts on major transportation routes.

In the light of these issues the Council can only support the options offered in the discussion paper if the test itself is broadened. The application of the test, as it currently stands, does not support the National Strategy for Ecologically Sustainable Development, particularly in the areas of community involvement and in internalising external costs. Accepted methods exist for community involvement and which will allow estimates of costs to be established.

Should you wish to clarify any issues contained in the above letter please do not hesitate to contact Evan Thomas on (07) 5582 8430

Yours faithfully



Paul Stevens
CHIEF EXECUTIVE OFFICER

