



**OFFICE OF
THE HON MARTIN FERGUSON AM MP
MINISTER FOR RESOURCES AND ENERGY
MINISTER FOR TOURISM**

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PARLIAMENT HOUSE
CANBERRA ACT 2600

Mr Kevin McMahon
Unit 20
5 Milford Street
IPSWICH QLD 4305

C10/42

28 JAN 2010

Dear Mr McMahon

Thank you for your letter to the Hon Martin Ferguson AM MP of 3 January 2010 concerning regulation of bulk hot water in Queensland. The Minister has asked me to reply on his behalf.

In a multi-tenanted unit development, the body corporate is responsible for negotiating contracts for building services on behalf of all tenants, and for recovering the costs from tenants. Purchase of hot water is no different to their responsibility for hiring people to maintain the building (lifts, stairs, painting etcetera). In your case, I have been advised that your landlord is the Department of Housing, and that they have advised you that they will review the provision of bulk hot water at your unit complex when the hot water system requires replacement.

As you have pointed out, regulation of bulk hot water is a state issue and as such state bodies are responsible for the decision of whether the service should be regulated. I understand that you have had extensive communication with the Queensland Department of Employment, Economic Development and Innovation about this issue. They have advised you that the supply of bulk hot water in Queensland is not a regulated market and prices are not set by any regulatory authority. Therefore, the pricing structure used for bulk hot water is a commercial decision for each supplier. The Commonwealth Government is not considering national regulation of bulk hot water.

Thank you for bringing this matter to the Government's attention.

Yours sincerely

Joel Grant
Assistant Adviser