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**SUBMISSION ON MURRAY LINK TRANSMISSION COMPANY'S APPLICATION TO THE ACCC FOR CONVERSION TO A PRESCRIBED SERVICE AND A MAXIMUM ALLOWABLE REVENUE FOR 2003 - 2012**

**TO: AUSTRALIAN COMPETITION AND CONSUMER COMMISSION**

**Attention: Mr Sebastian Roberts**

**FROM: W H G UREN**

**RE: CREATIVE ACCOUNTING TECHNIQUES AND HIDDEN COSTS OF CONSTRUCTION OF OVERHEAD TRANSMISSION LINES**

**DATE: 20 MARCH 2003**

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| DOC: D03/11732.        |
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**1. INTRODUCTION**

We are in favour of the submission from Murray Link Transmission Company (MLTC).

Our decision to support this submission is twofold:

1. Our interpretation of the ACCC Mission Statement namely "...encourage... promote... fair trading... (and) protect consumers" (Appendix One) and the objectives of the "compliance in the public interest" (Appendix Two). In this endeavour we have adhered to a literal interpretation, leaving the legal nuances for you to apply in accepting or disregarding our reasoning or part thereof.
2. Our experiences, first hand, of the traumas and apprehensions associated with the high-tension power lines intruding on our life.

Point number one gives us great satisfaction that Australian democracy is a reality when good people speak up and good people listen. Point number two, we could personally have done without. It is our experiences, pertinent to the later (i.e. point two) that the submission (MLTC's) should be approved. We believed that a negative outcome would cast a doubt factor over the veracity of the ACCC's Mission and Compliance in the Public Interest Statements.

Our support for MLTC's application has its foundations in the present relationship between:

- a. The ACCC's 'Efficient Investment' criteria;
- b. The transmission line builder's (in our case it is Powerlink Queensland) claim for "efficiency dividend";
- c. The adage "there is no such thing as a free lunch".

Costs not factored into the construction of above ground transmission power lines because others are forced to pick up the tab are still costs, despite creative accounting practices that enhance claims for efficiency dividends. Costs incurred in the construction of underground power transmitters are transparent and up front thus giving a truer financial picture in comparison to overhead lines.

For brevity and clarity we have presented our reasons below for supporting the application of MLTC in two parts that will also give credence to the "no free lunch" concept.

Part A centers on the costs incurred by landowners directly affected by development of overhead transmission lines. Part B centers on the costs incurred by society in the

same scenario. Although Part A and B are not mutually exclusive or exhaustive they are sufficiently informative for our purpose. Our knowledge and opinions have been formed by our dealings with one transmission line construction company namely Powerlink Queensland and their modus operandi.

**Part A – Landowners directly affected by the acquisition of land and the building of high-tension overhead transmission lines.**

The following points are components of the total costs incurred in the construction of overhead transmission power lines that are not given proper recognition, because this cost is being picked up by the effected landowners and their dependants.

1) Psychological Trauma.

a) Acquisition of land

- i) Neighbour against neighbour – information about acquisition costs and line deployment is requested by the buyers to be kept secret from one's neighbours.
- ii) Quasi-blackmail – threats of rerouting power lines to neighbours' very adjacent property so no compensation needs to be paid, but effects of power line still exist.
- iii) As a result of i) and ii) combining with the fear of the unknown effects of high-tension power lines on the health of your family, is at the very least, depression. Depression can kill.
- iv) Aesthetic vandalism – power lines as shown in Appendix Two are a "blight on the landscape" so admits a Powerlink executive at a recent public meeting and we all agreed.
- v) The threat of the loss of one's home if the combined effects of the above (i, ii, iii, iv) become too great.

2) Economic Trauma

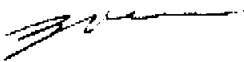
a) Market value of land

- i) Empirically and intuitively it can be argued rationally that the market value of land will fall if the demand for land falls. An obnoxious sight such as transmission lines will cause a drop in demand and hence a drop in dollar values of surrounding land. In effect, in our scenario this is what happened. The lower value of our land is not included in Powerlink Queensland figures.

**Part B - Social Impact**

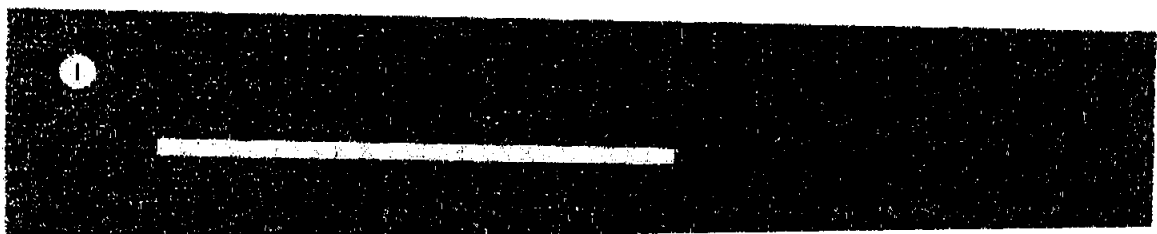
- a) Shire rates of collection have fallen as a direct effect of transmission lines and falls in land valuations.
- b) Security from terrorist threats and natural disasters are financed by taxpayers and not considered as a cost to companies like Powerlink Queensland. These costs are greatly reduced with underground power.

We have tried to show the link between creative accounting techniques and the disguising of the true costs of providing a service. If the ACCC allows the MLTC submission it will mean there will not be an exodus of research and development funding in underground electricity transmission. It will also mean that hidden agendas such as multiple use of transmission lines (Appendix Three) will be forced into public scrutiny and compete on their own merits. Thus avoiding a dependence on hidden taxpayer subsidies for their economic existence.



Mr W H G Uren  
Mc Nally Road  
Greenmount QLD 4350

(0746) 971372



# Our mission

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Our mission is to enhance the welfare of Australians by:

- promoting effective competition and informed markets;
- encouraging fair trading and protecting consumers; and
- regulating infrastructure services market and other markets where competition is restricted.

# Compliance in the public interest

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## Objective

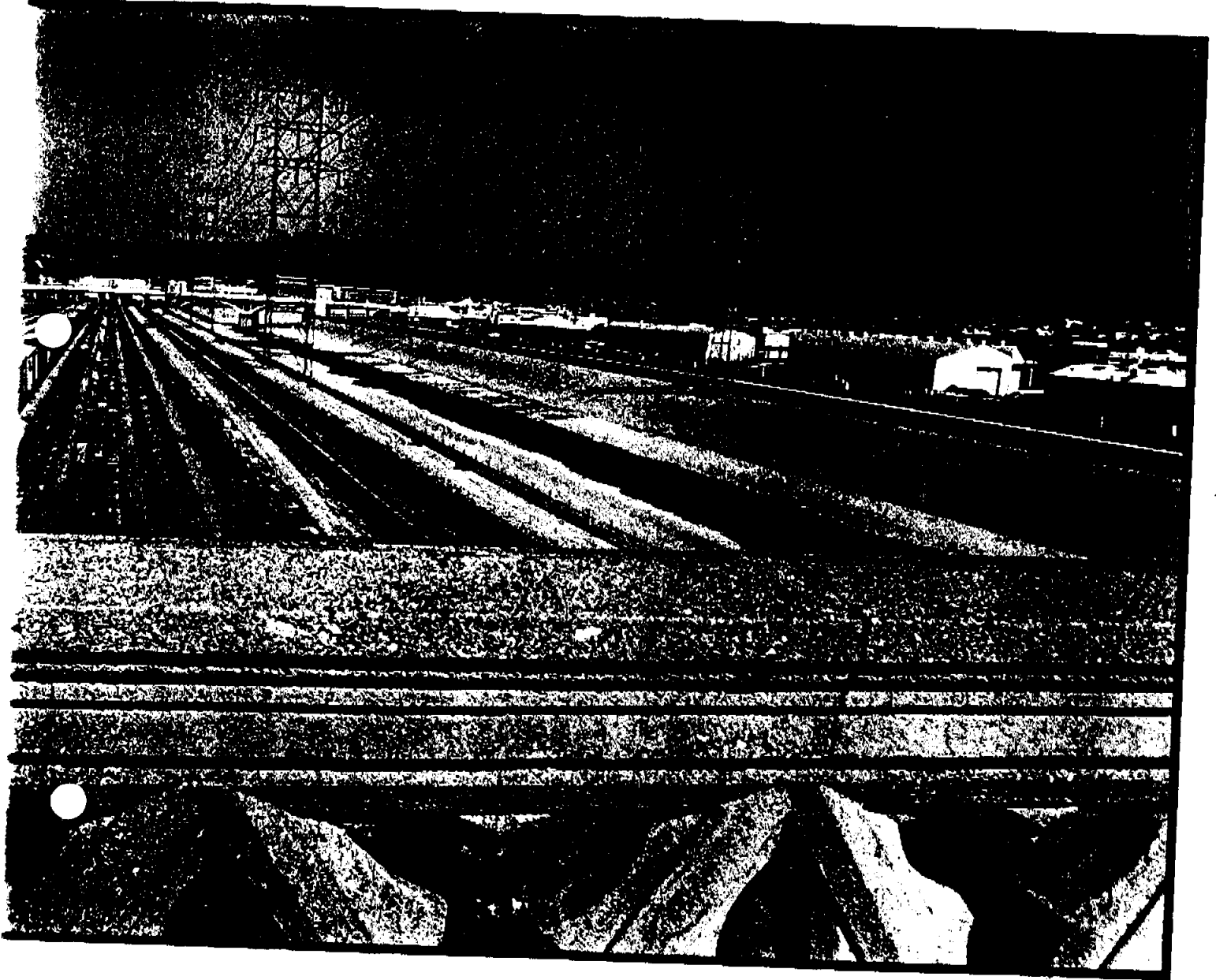
*To seek compliance with competition, fair trading and consumer protection laws and to achieve appropriate remedies when the law is not followed.*

The Commission's role is to protect the interests of the public by seeking general compliance with the competition, fair trading and consumer protection provisions of the Trade Practices Act.

As the Commission's responsibilities have grown, so too have the public's expectations of the Commission's ability to deliver timely and effective outcomes in the public interest. It is important that matters continue to be resolved quickly, including taking court action to enforce the Act. Other strategies used to ensure that individuals and businesses comply with the laws include education, administrative settlements, adjudication, promotion of self-regulation and compliance programs.



APP 2



LA River and Railway

APP. 3  
Teloc:

# Telcos jump aboard rail broadband express

The Australian 18/3/03

Kelly Mills

• Government infrastructure

THE NSW government plans to lease out bandwidth on its fibre-lined railway and electricity infrastructure to telcos and equipment suppliers later this year.

The government will review in April...

