

Gas pricing in the Hunter is higher than in Sydney due to the cost associated with price charged by AGL.

The price is claimed to be a recovery of the cost of the pipe line.

However the basis of the calculation is a 'current replacement costing'.

The proper basis should be the historic depreciated cost.

To continue to allow AGL to recover at this current replacement cost is flawed in accounting and economically.

AGL would not account for the pipe line in the balance sheet at this price. It would use historic depreciated cost otherwise it would not be presenting assets according to generally accepted accounting Standards.

It is inflationary.

It is not a basis for any commercial decision made by companies when pricing goods.

It creates a disadvantage for a regional area which should be advantaged by inputs to balance the other costs associated with doing business in a regional centre such as a lack of a trained work force.

It is onerous and unjust enrichment based on a monopoly for which there is no competition.

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