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Transmission via: [www.qca.org.au/submissions](http://www.qca.org.au/submissions)

Dear Ray

### **QCA Fee Framework Consultation**

We refer to your letter dated 29 October 2018 inviting the Gladstone Area Water Board (GAWB) to comment on the Queensland Competition Authority's (QCA) *Fee Framework – 2018 Draft Update (Draft Framework)*. GAWB welcomes the opportunity to comment on the Draft Framework.

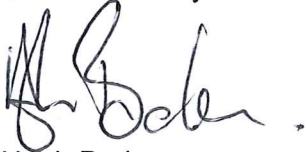
GAWB accepts the QCA's expenses should be met by the entities that it regulates. It also supports in principle, the current fee structure on the basis that expenses incurred by the QCA are to be reasonable (i.e. reflect the scope of the current regulatory review) and efficient.

The QCA's ongoing commitment to advise each regulated entity about the detail of the QCA work-plan for the forthcoming year, as part of the fee setting process, is welcomed. The QCA Levy is a material expense for GAWB, representing approx. 5% of annual operating expenditure. To ensure the QCA Levy can be appropriately captured in the annual budgeting process, early and ongoing engagement is welcomed.

Variations in the QCA Levy can also have a material impact on GAWB, as prices are currently set at the start of the regulatory period, prior to the QCA's reconciliation of actual versus estimated costs at year end, and currently there is no mechanism in GAWB's regulatory framework to adjust within period for pass through events (i.e. a variation in the QCA Levy compared to forecast). GAWB will be reviewing the pass-through mechanism in the context of the forthcoming Price Review.

If you have any questions in relation the matter raised above, please do not hesitate to contact Angela Moody (Regulation and Planning Manager) on 07 3020 8014 or myself

Yours Sincerely

A handwritten signature in black ink, appearing to read 'H. Barbour', with a small horizontal line at the end.

Hugh Barbour

**Chief Financial Officer**

**Gladstone Area Water Board**

Cc: Mr Ray Rapinette ([ray.rapinette@qca.org.au](mailto:ray.rapinette@qca.org.au))