

QUEENSLAND COMPETITION AUTHORITY ACT

1997

Section 23A and Section 24

REFERRAL

**A. Section 23A – Referral to the Authority to undertake a Price Monitoring Investigation in relation to GAWB**

- 1.1 Under section 23A of the Act, I refer the Monopoly Business Activities to the Authority for a price monitoring investigation (referred to as the Investigation).
- 1.2 The period for the Investigation is the Price Monitoring Period.

**B. Section 24 – Directions**

Under section 24 of the Act, I direct the Authority to consider the Stated Matters in conducting the Investigation, to the extent relevant, noting that the Stated Matter in Section C1.2 will only be able to be considered and reported on by the Authority after 30 June 2028.

**C. Stated Matters**

- 1.1 The Appropriate Prices for the Price Monitoring Period, including Water Security Assets.
- 1.2 How the Appropriate Prices compare to actual prices charged by GAWB over the period 1 July 2026 to 30 June 2028.

**D. Consultation**

Under section 12(3), I direct the Authority to undertake an open consultation process with all relevant entities.

**E. Timing**

- 1.1 I direct the Authority under section 24(1) to report the results of the Investigation in accordance with the following timetable:
  - (a) A Draft Report with respect to the Authority's Investigation by no later than 19 December 2025;
  - (b) A Final Report with respect to the Authority's Investigation by no later than 24 April 2026;
- 1.2 I require the Authority under section 23A(3)(b) to report the results of its Investigation in a Mid-Term Report by no later than 31 October 2028.

## F. Definitions and Interpretations

In this Referral these terms have the following meanings:

Term	Meaning
Allowable Costs	<ol style="list-style-type: none"> <li>1. GAWB's costs associated with Water Security Assets for the following: <ol style="list-style-type: none"> <li>i. contracted costs for operating and maintaining Water Security Assets.</li> <li>ii. Prudent and efficient operating, administration and connection costs.</li> <li>iii. Water Allocation costs, excluding the upfront capital component met by the \$55.5 million capital grant (and associated interest earnings) provided by the Queensland Government (e.g. Rookwood Weir Water Allocation purchase costs).</li> <li>iv. Forecast prudent and efficient capital expenditure associated with the renewal and replacement of the Water Security Assets.</li> <li>v. A return on capital on the RAB using an Appropriate Rate of Return.</li> <li>vi. Depreciation charges for the RAB assets determined consistent with the Authority's previous approach in GAWB's Previous Price Monitoring Investigation.</li> <li>vii. Allowances for tax and working capital, where appropriate.</li> </ol> </li> </ol>
Allowable Revenue	Revenue received from providing Monopoly Business Activities.
Appropriate Prices	<p>Prices for the Water Security Assets that are consistent with the following:</p> <ol style="list-style-type: none"> <li>(a) Allowable Costs;</li> <li>(b) Reserved Demand; and</li> </ol> <p>Prices that are:</p> <ol style="list-style-type: none"> <li>(a) smoothed over the Price Monitoring Period; and</li> <li>(b) allow GAWB sufficient Allowable Revenue to recover the Allowable Costs of providing the Monopoly Business Activities.</li> </ol>
Appropriate Rate of Return	<p>The appropriate rate of return determined in GAWB's Previous Price Monitoring Investigation.</p> <p><u>Return on Equity</u></p> <p>The return on equity determined in GAWB's Previous Price Monitoring Investigation.</p> <p><u>Return on Debt</u></p> <p>In updating the trailing average return on debt for the 2026-27 year, the Authority is to allow the weighting applied to the prevailing market cost of debt in that year to fully reflect the increase in GAWB's benchmark debt accounted for by the inclusion of the Water Security Assets, along with the update that is applied for the refinancing of existing benchmark debt in that year.</p>
Authority	Queensland Competition Authority
Forecast Inflation	Forecast inflation determined consistent with the Authority's previous approach in GAWB's Previous Price Monitoring Investigation.
GAWB	Gladstone Area Water Board
Investigation	The investigation required under this Referral.
Monopoly Business Activities	Bulk water storage, bulk water delivery, bulk water treatment and bulk water supply by GAWB.



Previous Price Monitoring Investigation	The Authority's GAWB price monitoring 2025-30 Final Report, released 14 May 2025 under the amending referral issued on 23 May 2024.
Price Monitoring Period	1 July 2026 to 30 June 2030.
RAB	<p>Regulated Asset Base</p> <p>(a) The opening RAB as of 1 July 2026 determined by:</p> <ol style="list-style-type: none"> <li>Accepting the forecast \$983 million (excluding GST) Fitzroy to Gladstone Pipeline (FGP) capital cost minus the Queensland Government's \$200 million capital grant provided to support construction.</li> <li>Inclusion of the capital expenditure associated with GAWB's Water Security Assets, minus the Queensland Government's \$365 million capital grant provided to GAWB to support construction of the Fitzroy to Gladstone Pipeline and to make it operational.</li> <li>Inclusion of forecast Interest During Construction (IDC), where appropriate, including IDC associated with the construction of the FGP.</li> <li>Adjusted for depreciation and actual inflation over the period.</li> </ol> <p>(b) The forecast RAB for the period 1 July 2026 to 30 June 2030:</p> <ol style="list-style-type: none"> <li>Including an appropriate allowance for prudent and efficient capital expenditure related to the connection, integration, renewal and replacement of GAWB's Water Security Assets.</li> </ol>
Referral	This referral notice issued by the Finance Minister to the Authority, under Section 23A and Section 24 of the QCA Act, for the Authority to conduct a price monitoring investigation relating to the Monopoly Business Activities.
Reserved Demand	The total quantity of water reserved by GAWB's customers under their contractual arrangements (including any conditional contractual arrangements) and water that is the subject of a water supply proposal provided under GAWB's Queuing Guideline (Source Capacity).
Stated Matters	Those matters listed in Section C.
Finance Minister	Minister for Finance, Trade, Employment and Training
Water Act	<i>Water Act 2000</i>
Water Allocation	An authority granted under section 146 or section 147 of the Water Act to take water from an available water resource, managed under a Resource Operations Licence in an approved water plan area (in accordance with Chapter 2, Part 2, Division 3 of the Water Act).
Water Security Assets	<p>The Fitzroy to Gladstone Pipeline (FGP), and Water Allocations purchased for the purpose of transporting via the FGP.</p> <p>Water Security Assets and associated Allowable Costs are to be allocated to all customers based on Reserved Demand.</p>
Water Supply Act	<i>Water Supply (Safety and Reliability Act) 2008</i>

**HON. ROS BATES MP**

**Minister for Finance, Trade, Employment and Training**