

18 FEB 2005

DATE RECEIVED

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Queensland Competition Authority  
GPO Box 2257  
Brisbane Qld 4001

Re: Submission on GAWB Pricing Practices Investigation by QCA dated December 2004

Dear Chairman,

I apologize for the lateness of my submission and I trust that it is still acceptable to the QCA as my internet service provider has not been able to send any outgoing e-mails since Monday 14/02/05.

I appeal to your review committee to seriously consider the ability of Calliope Shire and Gladstone residential ratepayers to pay the proposed water prices, namely a 23% further increase above what has been large increases over the past five (5) years. There is no effective competitive supply for water and even though your pricing model may exhibit all the hallmarks of good economic sense as based on the ground rules set for the QCA by the State Government Ministers. Think of the financial impacts on ordinary citizens .

Yours Faithfully ,

  
Gary B Ross.

## **“WATER PRICING FAIRNESS FOR GCC & CSC RESIDENTS”**

With regards the current QCA investigation into the GAWB pricing practices and their request for submissions from the public. I have taken the opportunity to download and print the 160 pages of this QCA empirical masterpiece which reflects outcomes of the Federal Governments policy of “economic rationalism” introduced in the late 1980’s.

I believe it is unreasonable to expect the general public to read and comprehend such a detailed and technical investigation report as prepared by the QCA on behalf of the Queensland State Government and then to make a submission which presents a logical and economically sound array of arguments that can technically challenge the pricing model developed by the QCA with the assistance of world renowned economists and professional consulting staff.

The QCA developed pricing model reflects the brief given to them by the State Government which was firstly fashioned to apply the economic rationalism approach which is embedded in the National Competition Policy to achieve a competitive market for this utility industry and to provide a “level playing field” between the participants within this utility sector which under a “pure economic market” would include competing private and government owned corporations. The second tenet of the State Government’s brief to the QCA was to ensure that the GAWB pricing model would reflect their “user pays” principles and the principle of “full cost recovery” for these specific grouping of government owned infrastructure assets. Thirdly to recognize that the State Government involvement was to have a broad role as provider of the financial resources and undertaker of infrastructure development to encourage industrial expansion within this designated industrial growth centre which is within the boundaries of the City of Gladstone and the Shire of Calliope.

Whilst I will attempt to challenge some of the broader principles of NCP and the need market competitiveness within the water industry in Queensland. I am not an economist nor a professionally qualified consultant nor a business analyst. **However I am a concerned resident and ratepayer of the Calliope Shire Council who has been and will be in the future financially effected by the proposed recommendations as contained in the QCA investigation report dated December 2004 and the original QCA report on GAWB water pricing policy dated August 2002.**

**I have taken the opportunity to send a copy of this submission to the QCA, the State Premier, the State Treasurer, the Local State Member of Parliament, the local Federal Member, the Mayor of the Calliope Shire Council and the Mayor of Gladstone in an attempt to get a better understanding by these decision makers to ensure that the average ratepayer’s financial plight is not overlooked. I ask that some pricing fairness is returned so that the GCC and CSC residential ratepayers are placed on a level footing with other ratepayers throughout Queensland in the provision of this natural resource of water and we are not asked to subsidize the current and future industrial development within this region.**

The following is my understanding and thoughts on the changes that have occurred since the incorporation of the Gladstone Area Water Board as the manager of the Awoonga Dam infrastructure and the water resources that are contained therein.

National Competition Policy was passed by the Council of Australian Governments and the Federal Government coerced the State Governments into its adoption by tying future grants monies to its adoption across their Government Owned Corporations (GOC's).

The Hilmer reforms were designed to create a free economic market in areas such as electricity, rail, water, ports and telecommunications, this meant that the GOC's must become "corporatised" so that they were run on the same commercial footing as privately owned corporations. This reform would promote effective market competition and the expectation was that the public would see substantial benefits from real competitive pricing from these utilities.

### **What did corporatisation mean for the Gladstone Area Water Board (GAWB)?**

- (1) The State Government quickly took the opportunity to expand its position on its widely espoused "user pays principle" for the provision of goods or services. It therefore insisted on the application of "full cost recovery methodology" for the pricing of water supplied by the GAWB to its Gladstone regional customer base.
- (2) The GAWB was to be managed by an independent Board of Directors reporting to its shareholding Ministers in charge of the Treasury Dept and the Dept of Natural Resources.
- (3) The GAWB would be required to return to its Shareholders a weighted average return rate across its operational asset base.
- (4) An impost labeled a "debt neutrality fee" would be levied against the GAWB income to make allowance for cheaper finances that GAWB can access direct from the Queensland Treasury Corporation.
- (5) The GAWB would be required to account for income tax liabilities on derived taxable income after having made adequate provisions for depreciation of its asset base.
- (6) GAWB will revalue its assets on a regular 10 year intervals using independent experts and following the "Depreciated Optimized Replacement Cost" model and it would also recognize any direct capital contributions made by existing customers.
- (7) GAWB to adopt commercial pricing practices consistent with COAG principles of full cost recovery and a two part tariff consisting of an assets infrastructure charge and a volumetric based charge.
- (8) GAWB to operate as an effective and efficient commercial business and to strive to investigate commercial opportunities to improve its financial performance and return to its Shareholders.
- (9) GAWB to develop sound "access principles" for the commercial use of its asset infrastructure by third parties who wish to compete for the provision of water to the Gladstone region.

- (10) GAWB to plan and deliver water supply capacity to meet the expected demand requirements for Gladstone and Calliope's large industrial customers, associated light industrial support industries and residential customers.

**What were the underlying tenets to be delivered by the National Competition Policy reforms?**

- (1) The reform process must deliver real public benefit.
- (2) The reforms must deliver a national competitive market with multiple providers and competitive pricing.

Let me give my observations on the effectiveness of the NCP reforms as applied to the water industry within Queensland.

- (1) **There has not been any demonstrative public benefit from the adoption of these reforms in Queensland.** We do not have any new dams being built nor have there been any attempts by State Government to develop a network of interconnecting pipelines to rationalize the supply of our water resources throughout the State. However it remains my view that the provision of water infrastructure assets is best left in Government hands to ensure sustainable economic industrial development within the State and to ensure the availability of a suitable quality of potable water to Queensland residential communities.
- (2) **There is no competitive market for water in Queensland; Gladstone regional customers have no other supply options.** The GAWB pricing policy which is based on full cost recovery principles has meant significant price increases for treated water supplied via the Gladstone and Calliope Shire Councils e.g.: a Calliope Shire resident using 500 kilolitres per annum has seen water rates excluding the water 20mm connection fee rise from \$185.00 pa on 01/07/00 to \$392.52 pa on 01/07/04, an overall increase of 112% increase over five (5) short years. If one then adds the current recommended QCA increase of a further 23% for Calliope and Gladstone residents from 01/07/2005, this will mean residential users will be paying \$482.60 pa an overall increase of 161% in six (6) short years.
- (3) The 500Kl annual usage used in these calculations is barely enough to meet the needs of a family of two adults and two children and it leaves little left to service a lawn, garden and the Council owned footpath and most residents are either harvesting their own grey water (without sanction from either Council) or going to the additional expense of installing a rain water tank (again without sanction from either Council).
- (4) There is however another barb in the current Council rating methodology, as from 01/07/04 the water rates are charged on a three tier scale, the upper pricing scale for Calliope residents cuts in after 468 Kl's usage at a rate of \$1.20/Kl for all excess usage. After the adopted QCA recommendations of a further 23% increase from 01/07/05 this excess rate will be \$1.48/Kl. If one compares with the one tier price of \$0.37/Kl on 01/07/00, it means that all excess water used above 468Kl per year from 01/07/05 will have increased by a staggering 300%.

(5) A reasonable comparison on the cost of residential water charges would be to compare prices with the nearest other regional supplier, the Rockhampton City Council (RCC) who owns and manages the water supplier Fitzroy River Water (FRW). Water from FRW is provided to residents via individual water meters and is priced on a similar three tiered pricing arrangement as the Calliope Shire Council. The following Table (1) compares the three tier rating structure and overall costs for 500Kl and 750Kl residential users from 01/07/05.

**Table (1)**

<b>Fitzroy River Water From 01/07/05</b>		<b>GAWB (QCA recommendation) From 01/07/05</b>	
Up to 300Kl	@ \$0.30/Kl	Up to 312Kl	@ \$0.80/Kl
301 to 700Kl	@ \$0.50/Kl	313 to 468Kl	@ \$1.19/Kl
701Kl and Over	@ \$0.95/Kl	469Kl and Over	@ \$1.48/Kl
<b>Residential Usage/Cost</b>	<b>500Kl/year</b>	<b>750Kl/year</b>	
Fitzroy River Water via RCC	\$190.00	\$337.50	
GAWB via CSC	\$482.60	\$852.60	

A further comparison of water consumption prices for the current rates year 2004/05 by the respective Councils to residential owner occupiers throughout regional coastal and near coastal cities shows clearly that CSC and GCC residential ratepayers are currently disadvantaged by the supplied prices for treated water from the GAWB to both the GCC and CSC.(refer Table (2))

**Table (2)**

**Water consumption charges by City as at 01/07/04 for 500Kl and 750Kl .**

<b>Provider</b>	<b>Tiered or Flat Rate/Kl</b>	<b>500Kl</b>	<b>750Kl</b>
Calliope Shire Council	First 312Kl @ \$0.65 Next 156Kl @ \$0.97 Excess @ \$1.20		
<b>Total Cost per annum (CSC)</b>		<b>\$392.52</b>	<b>\$692.52</b>
Gladstone City Council	First 400Kl @ \$0.55 Next 400Kl @ \$0.80 Excess @ \$1.10		
<b>Total Cost per annum (GCC)</b>		<b>\$300.00</b>	<b>\$500.00</b>
Emerald City Council	Flat rate @\$0.41/Kl		
<b>Total Cost per annum (ECC)</b>		<b>\$205.00</b>	<b>\$307.50</b>

Bundaberg City Council	First 300Kl @ \$0.35 Next 200Kl @\$0.60 Excess @ \$0.92	Read & Charged per 6 months		
<b>Total Cost per annum (BCC)</b>			<b>\$175.00</b>	<b>\$300.00</b>
Mackay City Council	First 250Kl @ \$0.55 Excess @ \$0.80	Read and Charged per 6 months		
<b>Total Cost per annum (MCC)</b>			<b>\$275.00</b>	<b>\$475.00</b>
Maryborough C/Council	Flat rate @ \$0.70/Kl			
<b>Total Cost per annum (MCC)</b>			<b>\$350.00</b>	<b>\$525.00</b>
Townsville City Council	Annual Allowance of 776Kl Excess @ \$1.40/Kl	***Note (1)		
Note (1) All inclusive water rate and service access charge of \$211.00 per 6 Months				
<b>Total Cost per annum (TCC)</b>			<b>\$422.00</b>	<b>\$422.00</b>
Brisbane City Council	Flat rate @ \$0.85/Kl			
<b>Total Cost per annum (BCC)</b>			<b>\$425.00</b>	<b>\$637.50</b>

All the above City Councils (except Townsville) levy water access infrastructure charges per annum of the following: (Calliope SC \$154.00);(Gladstone CC \$175.00);(Emerald CC \$111.00);(Bundaberg CC \$230.00);(Mackay CC\$158.70);(Maryborough CC \$235.00) and (Brisbane CC \$105.00).

- (6) Both the CSC and GCC Councils have been seriously embarrassed by these recent water rate increases to residents and from 01/07/04 the Calliope Shire Council and Gladstone City Council have introduced separate water rate billing every four months in an attempt to soften the impact, but this has also added additional administrative and operational cost pressures on the Council for the increased invoicing and need to read the meters three times a year instead of one.
- (7) Throughout the 2002 year, the long term drought which commenced in the 1996/97 year continued and the dam levels fell to alarming levels with an estimated 18 months of unrestricted supply as at 01/04/02. GAWB issued drought restriction notices in April 02 and Nov 02 which effectively meant that residential customers were on 50% restrictions and industrial customers were on 25% restrictions from November 02. The community and industry responded in a proactive fashion and total untreated and treated water usage fell from 51,234Ml for year ended 30/06/02 to 40,550Ml for the year ended 30/06/03 a saving of 21% of overall consumption despite increasing industrial growth and increasing regional population during the construction of the CAR refinery, expansion of GPA facilities and the associated housing and accommodation development. Reduced overall consumption continued with 42,948Ml usage for year ended 30/06/04.
- (8) "Doing the right thing", however does not always result in positive outcomes and the residents of Gladstone City and Calliope Shire are now realizing that their

voluntary restrictions during the drought scenario can now mean that water prices must increase to allow the GAWB to return income streams necessary to meet the demands of their corporatised model. Overall water sales revenue fell from \$17.82M for the year ended 30/06/02 to \$14.81M for the year ended 30/06/03 an overall decrease in revenue of 17%. This revenue downturn has continued with overall water sales revenue for the year ended 30/06/04 at \$16.18M. Treasury and the Premier's Departments appear hell bent on insisting that the GAWB recover this lost revenue stream and as a result has commissioned the QCA to do this further pricing investigation to recommend methods of achieving this desired outcome.

- (9) The GAWB customer base is unique in comparison with other regional Water Authorities or Local Government controlled Water Boards. With the GAWB, 75% of its customer base is represented by a handful of Power Stations who are both privately and government owned, large multi national alumina refineries, smelter and other chemical and mineral processing plants, government owned Port Authority and Queensland Rail. The remaining 25% of its customer base is the GCC and CSC who then on sell the water to their residential ratepayers and other privately owned light engineering and manufacturing support industries. It is acknowledged by the QCA that a number of the GAWB's large industrial customers have existing long term supply contracts which have fixed pricing terms and the balance of the larger industrial users are other GOC's, which would amount to a "rob Peter to pay Paul" approach. Therefore the burden of the "make-up revenue" must fall to the private residential and light industrial ratepayer base.
- (10) A question that has arisen that needs responding to by the owning shareholders and the Government in general, is the GAWB is the only regulated Water Authority in the State to have been subjected to two detailed QCA pricing investigations over the past five (5) years. Is it a case that the Government intends to enforce the NCP economic framework and user pays pricing principles within the GAWB customer base and then uses it as a model to commercialize the operations of the remaining statutory water authority and then attack the Local Government Water Boards to increase the financial returns to State Government coffers?
- (11) As I understand it there is another arrangement in place whereby the State Government has promised to refund back to the GCC and the CSC an proportionate dividend based on the equivalent income tax levies on profits generated under the proposed QCA pricing regime. Therefore it is in the interests of the GCC and the CSC not to oppose the QCA pricing recommendations which would result in the early return to profitable trading by the GAWB and therefore subsequent dividends returned to the GCC and the CSC. It is interesting to note that there is no formal charter or agreement between the ratepayers and either of the individual councils which agrees that these dividends will be used by the councils to offset the price of water to residential ratepayers.
- (12) Another scenario could be that the current State Government may have plans to complete the full commercialization of the GAWB, install the proposed pricing policies as sanctioned by the QCA and then privatize and sell off the GAWB business, its assets and its lucrative supply contracts. If one looks at the

parallel privatization and sell off that occurred in the electricity industry in the southern States during the early and mid 1990's, it was done as part of the deregulation of that industry and in the name of improving the competitiveness of the electricity market and asset sell-off resulted in a healthy financial windfall to those State governments

- (13) One must realize that the overwhelming majority of this reduced consumption is for untreated industrial water and treated industrial water achieved during the period of GAWB drought restriction notices has resulted from permanent changes in onsite plant efficiencies and use of alternate supplies, namely, the treated sewerage effluent from the Calliope River Sewerage Treatment Plant to the QAL refinery and the use of sea water by industrial plants where possible for process requirements as an alternative to raw water supply. This revenue from these industrial users is lost forever to the GAWB. If one realizes that many of these same industrial customers have existing supply contracts with the GAWB which contain fixed pricing terms and conditions, which they will be reluctant to relinquish until the end of their respective contract terms. Unfortunately for the residential customers, we are the ones that the GAWB is eyeing to retrieve the majority of this revenue shortfall.
- (14) The Shareholding Ministers have signed off on the pricing model for the GAWB as recommended by the QCA in their final report dated September 2002 and it was further endorsed by the public acceptance of the QCA report by Premier Beattie and the Treasurer Mackenroth in August 2003. Therefore this pricing model is now etched in granite and the GAWB must apply it. These irregular revenue circumstances caused by the drought and the contract position of major industrial has gone back to the QCA for further review of the GAWB pricing practices (December QCA investigation report dated December 2004). No doubt it will be hard to secure amendments to this voluminous investigation report by the QCA. This unfortunately is the political reality. To have any effect on the proposed price increases of 23% for residential customers of the Gladstone and Calliope Shire from 01/07/05, individuals must protest direct with our State politicians on the grounds that this will an unfair cost impost on residential customers and ability to pay such increases is limited particularly those residents of Gladstone and the Calliope that have families to support and also those people who are on fixed incomes.
- (15) One must also realize that the Boards of these large industrial customers have provided their own capital to make the process efficiency modifications or treated effluent pipeline infrastructure to achieve these permanent usage savings and if the price of contract water from the GAWB becomes too expensive they will undertake economic analysis to find ways to further reduce their off-take from the GAWB, such studies were being done in earnest when it was evident that the third drought restriction notice to reduce off-take to 50% was imminent and would apply to industry from April 2003. Fortunately in February 2003 drought breaking rains fell. Alternatives such as desalination plants and evaporative treatment of sea water were being seriously considered by the large industrial users to meet their total raw water process requirements. In addition a number of private water infrastructure companies were investigating establishing



desalination plants in Gladstone to allow industry to maintain existing production requirements and to fulfill the future demands of industrial and residential development.

- (16) The general public should be made aware that Federal Productivity Commission is currently finalizing its recommendations on how to implement the next decade of competition reforms to the Council of Australian Governments. (Reference Courier Mail – Business dated 07/02/05). Again the Federal Government intends to tie grants monies to the degree of compliance by each of the States and in Queensland's case the grant money value is \$151.4M and further reforms within the water industry in Queensland maybe intended by the current State Government. .

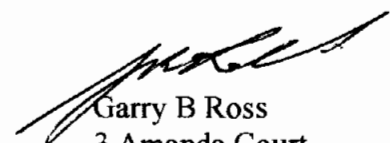
Let me now give my observations on the corporatised structure and policies of the GAWB Board:

- (1) Basically I have no fundamental objection to water resources being owned and managed by GOC's. I believe that such a basic resource as water should be provided by government to meet the needs of the community, industry and agriculture and that government should provide the infrastructure to meet these demands and that pricing of this basic commodity be set to generate a "tax neutral" return over the long term life of each facility. Financing of infrastructure costs should be provided via a long term loan facilities (min 20 years) on a transparent basis by either the Queensland Treasury Corporation or private banks or pooled infrastructure funds. That is, statutory authorities should have freedom to raise funds in the private market and not be restricted to the financial regime of the QTC. However if the current State Government does allow privately owned infrastructure water companies to establish in the State, then their pricing policies should be subject to regulatory review and price capping to protect residential customers.
- (2) State Government control of all Water Boards or Water Authorities would allow them to implement an overall macro economic strategy which they could align with industrial development and infrastructure needs. Future state development planning to make the best economic use of available infrastructure and the State's available water resources would be further facilitated. This would enable the easy development of interconnecting pipelines between the State's existing water resources to maximize the efficient utilization.
- (3) The GAWB is a State owned statutory authority which under the "NCP corporatised model" has its own independent Board of Directors. The GAWB has two directors nominated by each of the GCC and the CSC and three other directors appointed by the State Government and these appointments are aimed at increasing the business and commercial expertise of the Board in general. However the GAWB Board does not have the ability to determine their own pricing practices, this important facet of the business is decreed by the owning shareholders Ministers. It is therefore impossible for residential or industrial customers to negotiate or appeal any pricing issues with the Board. The QCA

recommended pricing for industry is a “one size fits all” and does not recognize that industrial customers can offer varying contract terms, upfront payment structures, differing commercial financial credit and payment terms. Each these commercial attributes has value in the real commercial world and contractual agreements can be tailored to each specific customer.

- (4) I don't believe the QCA recommendations for the original GAWB pricing policy took specific notice of the “virtual risk free” nature of the water industry and in particular the heavy reliance on major international companies and other GOC customers, when determining the long term weighted average return percentage to apply to the GAWB's operational asset base. In the recent drought situation, the GAWB maintained its Historic No Failure Yield (HNFY) and proceeded to enforce supply restrictions on its customer base, the GAWB would not accept any responsibility for failure to supply risk and industrial customers had to expend private capital to reduce demand, whilst most residential customers exercised water conservation practices, purchased sullage piping to use their grey water or purchased rain water tanks and just allowed well kept lawns and gardens to perish. Therefore it is my view that the State Government should accept the loss of revenue risk for the GAWB during this drought scenario and take advantage of the permanent water savings generated to delay further capital augmentation works and also factor these savings into its revised HNFY calculations. No doubt the Government has the power to reassess HNFY levels for the augmented dam capacity and thus tailor the prices to deliver their required return rate over the long term supply.
- (5) I believe it is totally unjustified and financially irresponsible by the State Government and the GAWB management to maintain such high cash reserve on deposit with the QTC at \$28.205M as at 30/06/04 to generate other non operating income to assist the GAWB to meet its high return on investment objectives and to meet debt repayments. This cash reserve should be immediately used to repay a significant portion of the outstanding infrastructure debt of \$154.912M as at 30/06/04. It is a nonsense to imply that the GAWB has a substantial financial credit risk from defaulting customers when the current provision for doubtful debts is a mere \$38,000 out of an annual operating income of \$16,067,000 for the 2003/04 year.
- (6) From my experience in commercial management within a major industrial of customer of GAWB, namely QAL, these large industrial customers main focus is on stabilized prices that are relatively competitive with world wide water prices and secondly security of supply from the GAWB to guarantee operational security of their process plants and for these terms and conditions they are prepared to offer a substantial “take or pay” provision of up to 90% or greater the contract quantity with make up provisions, precise information on demand requirements of existing facilities and advanced notice of their plant expansion demand and long term contract terms. These factors would in general apply for most of the GAWB's large industrial customers and are paramount for a successful monopoly supplier such as the GAWB as it virtually covers its debt exposure commitments and eliminates its demand supply risk.

- (7) This now brings us to demand risk for the residential customers which I believe can be forecast with a high degree of certainty and there is sufficient market intelligence available throughout Australia for the GAWB in conjunction with the GCC and the CSC to make long term demand projections.
- (8) The other main demand risk is from future customers which is largely made difficult as these large new industrial customers may require significant quantities of water and it may exceed the supply levels of the existing dam and delivery infrastructure. I do not believe that the State Government can pass this demand risk over to the GAWB and expect it to deliver the return on investment under the guise of economic rationalism. The State Government should retain this demand risk until the new industrial customers come on line and should also agree to quarantine the returns required from the excess capacity that it decides to build to facilitate industrial development within this designated State growth centre.
- (9) To ease State Government exposure in this area of excess capacity the GAWB and State Government Departments should directly negotiate contract terms with new industrial customers prior to commitment to expand infrastructure, "no contract no development". The current State Government should not offer direct financial subsidies or infrastructure grants to these large industrial customers as encouragement for them to establish in the Gladstone industrial development area, as these projects must be able to make economic sense without government assistance packages.(eg no more QMag Stanwell or Comalco Alumina Refinery handouts)
- (10) Looking at the GAWB's own demand projections it appears that the recent Awoonga Dam augmentation was not necessary until well after 2010 and for this reason alone the current customer base should not be expected to pay higher prices and I would ask the State Government to critically examine for whom the dam was expanded and it should therefore not expect the residential customers of the CSC and the GCC to subsidize pricing to current or future industrial customers.



Garry B Ross  
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Tannum Sands Qld 4680  
Phone 0749732994  
Dated 11/02/05

**Calliope Shire Council Water Rates**  
Based on 600Kl year consumption (Reference 10030833)

Rating Period	Water 20mm Connection	Water Rate \$/Kl	Water Rate per 600Kl	Total Water Cost p.a.	% Increase Connection	% Increase Rate per Kl
2000/01	\$144.00	\$0.37	\$185.00	\$329.00		
2001/02	\$149.00	\$0.44	\$220.00	\$369.00	3.47	18.92
2002/03	\$149.00	\$0.46	\$230.00	\$379.00	0.00	4.55
2003/04	\$149.00	\$0.48	\$240.00	\$389.00	0.00	4.35
2004/05	\$154.00	\$0.58	\$290.00	\$444.00	3.36	20.83
2005/06	\$154.00 (Tiered rates introduced from 01/07/04 charged every 4 months by CSC)					
	First 312 Kls	\$0.65	\$202.80			
	Next 156 Kls	\$0.87	\$151.32			
	Next 32 Kls	\$1.20	\$38.40			
	Total 500Kl/pa		\$392.52	\$546.52	0.00	35.35
	Ave Rate		\$0.79			
2006/07	\$154.00 (Tiered rating increased by QCA recommended 23%)					
	First 312 Kls	\$0.80	\$249.60			
	Next 156 Kls	\$1.19	\$185.64			
	Next 32 Kls	\$1.48	\$47.36			
	Total 500Kl/pa		\$482.60	\$636.60	0.00	23.00
	Ave Rate		\$0.97			

**GAWB price for Treated Water to Calliope Shire Council**  
Average Price per 1000 Kls \*(1) - Source GAWB 2004 Annual Report

Year ended	Price per 1000 Kls	Price per \$/Kl	% Increase Rate per Kl
30/06/2000	\$369.15	\$0.37	
30/06/2001	\$522.84	\$0.52	40.50
30/06/2002	\$610.00	\$0.61	17.30
30/06/2003	\$603.41	\$0.60	0.00
30/06/2004	\$819.64	\$0.62	1.70

Note (1)

GCC & CSC have individual contracts of supply with GAWB and the average prices above include GAWB sales of treated water to some industrial customers.

**GAWB price for Untreated Water to Industrial Customers**  
Average Price per 1000 Kls \*(2) - Source GAWB 2004 Annual Report

Year ended	Price per 1000 Kls	Price per \$/Kl	% Increase Rate per Kl
30/06/2000	\$271.50	\$0.27	
30/06/2001	\$274.61	\$0.27	0.00
30/06/2002	\$256.80	\$0.25	7.40
30/06/2003	\$292.59	\$0.29	16.00
30/06/2004	\$300.82	\$0.30	3.40

Note (2)

GAWB contracts for raw water supply with its major industrial customers maybe characterised by existing long term supply contract prices.

**Statistics on Water usage/Revenue/Total Assets/Borrowings**  
Source GAWB 2004 Annual Report

	30/06/1999	30/06/2000	30/06/2001	30/06/2002	30/06/2003	30/06/2004
<b>Water Sales: (Megalitres)* (3)</b>						
Untreated water- Industry	29746	29397	31091	39116	32466	33077
% Increase/(Decrease) p/annum		1.20	5.80	25.80	17.00	1.80
Treated Water -Domestic & Ind	10864	11392	13217	12118	8084	9871
% Increase/(Decrease) p/annum		3.90	16.00	8.30	33.20	22.10
Note (3) Megalitre is 1000Kls						
Total Water Sales	40710	40789	44308	51234	40550	42948
% Increase/(Decrease) p/annum		0.20	8.60	15.60	20.90	5.90
<b>Water Sales Revenue: \$'s * (4)</b>	\$12,242,000	\$12,672,000	\$15,742,000	\$17,822,000	\$14,813,000	\$16,185,000
<b>Other Revenue: \$'s</b>	\$2,338,000	\$787,000	\$1,341,000	\$4,947,000	\$2,191,000	\$3,049,000
<b>Total Revenue: \$'s</b>	\$14,680,000	\$13,439,000	\$17,083,000	\$22,769,000	\$17,004,000	\$19,234,000

Note (4)

Includes connection charges for infrastructure to industrial customers  
Eg: y/e 30/06/00 \$485K down to y/e 30/06/04 \$118K

<b>Total Asset Value : \$'s</b>	\$210,975,000	\$243,288,000	\$366,915,000	\$349,486,000	\$385,949,000
<b>GAWB Borrowings: \$'s</b>	\$41,899,000	\$69,920,000	\$140,777,000	\$143,038,000	\$154,912,000