

**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 the Northern SEQ Distributor-Retailer Authority (Unitywater ‘UW’) and Central SEQ Distributor-Retailer Authority (Queensland Urban Utilities ‘UU’)

(1.1) Under section 23A of the *Queensland Competition Authority Act 1997* (the Act), I refer the Monopoly Business Activities of UW and UU 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

(1.1) Under section 24(1)(b) of the Act, I direct the Authority to consider the Stated Matters (Sections D and F) in conducting the Investigation, to the extent relevant.

C. Definitions and Interpretations

For this Referral these terms have the following meanings:

Term	Meaning
Authority	Queensland Competition Authority.
Business or Businesses	Means either UU or UW or both as the context requires.
Depreciation	Depreciation is to be calculated using an appropriate regulatory methodology, as determined by the Authority.
Distributor-retailer Prices	Businesses’ forecast and actual charges provided by the Businesses for the Monopoly Business Activities.
Efficiency Targets	Includes any of the Businesses’ existing or planned efficiency targets or initiatives. The Authority will determine appropriate efficiency targets for the Businesses.
Inflation	Inflation based on the methodology outlined in the Authority’s <u>Inflation Forecasting Final Position Paper</u> , October 2021.
Maximum Allowable Revenue (MAR)	(a) MAR is the prudent and efficient costs of carrying on the Monopoly Business Activities including: a. operating and capital expenditure assessed using Normal Operating Conditions and Forecast Demand b. a return on assets (calculated using the Rate of

Term	Meaning
	<p>Return x RAB)</p> <ul style="list-style-type: none"> c. a return of assets (Depreciation) d. a return on working capital e. tax <p>(b) also distinguishing between bulk and distribution/retail costs, where bulk water costs can be treated as a 'cost-pass-through' item.</p> <p>(c) For the avoidance of doubt, to assess operating expenditure and capital expenditure in (a) above, the Authority is to:</p> <ul style="list-style-type: none"> a. assess the existence of robust policies and procedures having regard to good industry practice as well as compliance, assess the robustness of the capital expenditure and operational expenditure program planning and delivery processes and procedures in an overall sense and identify any areas for improvement; and b. form a view on the prudence and efficiency of capital and operating expenditure, focusing on any areas of significant cost increase and identifying the reasons why.
Minister	The Minister administering the Act.
Monopoly Business Activities	Provision of water and sewerage services by the Businesses, as declared in section 2 of the <i>Queensland Competition Authority Regulation 2018</i> .
Normal Operating Conditions and Forecast Demand	<p>For assessing operating and capital expenditure, forecast demand is to be provided by UU and UW for normal operating conditions and must be consistent with their contribution to the SEQ Water Security Program.</p> <p>The Authority can adjust the forecast demand to ensure it is appropriate for price monitoring purposes as long as any Authority adjusted forecast remains consistent with the SEQ Water Security Program.</p> <p>The Authority can consider how demand risk is allocated between customers and the Businesses.</p>
Price Monitoring Period	1 July 2026 to 30 June 2030.
Rate of Return	A rate of return calculated using an appropriate regulatory methodology, as determined by the Authority.
Referral	This referral notice as issued by the Minister to the Authority, under Section 23A and Section 24 of the Act, for the Authority to conduct a price monitoring investigation relating to Monopoly Business Activities.
Regulatory Asset Base (RAB) 2013-2030	<p>The RAB is to be calculated using an appropriate regulatory methodology, as determined by the Authority.</p> <p>To establish the opening RAB the Authority is to:</p>

Term	Meaning
	<p>(a) Assess actual capital expenditure from 1 July 2013 to 30 June 2027 for prudence and efficiency. The review should focus on items that would have a material impact rather than matters which are likely to have insignificant impact.</p> <p>(b) Roll forward the RAB from 1 July 2013 using actual capital expenditures and forecast capital expenditure where actual expenditure is not available.</p> <p>(c) Adjust for Depreciation, disposals and Inflation over the period.</p> <p>The forecast RAB for the period from 1 July 2027 to 30 June 2030 is to be estimated using an appropriate regulatory methodology, as determined by the Authority.</p>
Total Revenue	Total Revenue is the forecast and actual costs of carrying on the Monopoly Business Activities for the year 2026-27, as advised by the Businesses.
Water Bill Impact	Change in total annual typical residential customer bill identifying the bulk water and the Businesses' components of the bill.

Part 1 – For the Price Monitoring Period from 1 July 2026 to 30 June 2027

D. The Stated Matters

The Authority is to consider the following Stated Matters:

- (1.1) forecast Total Revenues, Distributor-retailer Prices and Water Bill Impact for the Price Monitoring Period from 1 July 2026 to 30 June 2027;
- (1.2) the efficiency of the Businesses' procurement practices by assessing the existence of robust policies and procedures having regard to good industry practice as well as compliance, assessing the robustness of the capital expenditure program planning and delivery processes and procedures in an overall sense and identify any areas for improvement;
- (1.3) reasonableness of productivity initiatives aimed at reducing capital expenditure and operating expenditure costs, including but not limited to efficiency improvements, innovation and demand management, and identify any opportunities for productivity targets;
- (1.4) reasonableness of performance measures, benchmarks and indicators against which progress from initiatives identified under Stated Matter D(1.3) can be assessed;
- (1.5) service quality and reliability, consistent with other regulatory obligations using existing and published performance indicators of UU and UW for the purpose of assessment of service standards; and
- (1.6) for the periodic report, how the forecast Total Revenue, Distributor-retailer Prices and Water Bill Impact compare against the actual Total Revenue, Distributor-retailer Prices and Water Bill Impact for the Price Monitoring Period from 1 July 2026 to 30 June 2027.

E. Timing

- (1.1) I direct the Authority under section 24(1) to report the results of the Investigation in relation to the Stated Matters in D(1.1) to D(1.5) in accordance with the following timetable:
 - a. Business specific Interim Reports by no later than 29 May 2026 following submissions made by the Businesses.
- (1.2) I require the Authority under section 23A(3)(b) to publish a periodic report by no later than two months after submissions are made by the Businesses in relation to the Stated Matter in D(1.6).

Part 2 – For the Price Monitoring Period from 1 July 2027 to 30 June 2030

F. The Stated Matters

The Authority is to consider the following Stated Matters:

- (1.1) The forecast Maximum Allowable Revenue (MAR), forecast Distributor-retailer Prices and Water Bill Impact for the Price Monitoring Period from 1 July 2027 to 30 June 2030;
- (1.2) reasonable productivity initiatives and Efficiency Targets aimed at reducing capital and operating costs, including but not limited to efficiency improvements, innovation and demand management;
- (1.3) reasonable performance measures, benchmarks and indicators against which progress from initiatives identified under Stated Matter F(1.2) can be assessed;
- (1.4) capital expenditure and operating expenditure prudence and efficiency as required/to the extent necessary to support productivity measures and cost reductions;
- (1.5) service quality and reliability, consistent with other regulatory obligations using existing and published performance indicators of UU and UW for the purpose of assessment of service standards; and
- (1.6) for the periodic reports, how the forecast MAR, Distributor-retailer Prices and Water Bill Impact compare to actual MAR, Distributor-retailer Prices and Water Bill Impact over the period from 1 July 2027 to 30 June 2030.

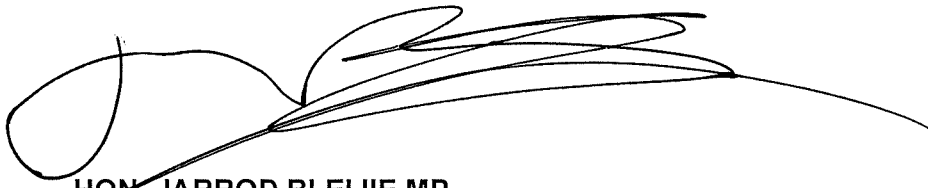
G. Consultation

- (1.1) Under section 12(3) of the Act, I direct the Authority to undertake an open consultation process with all relevant parties.

H. Timing

- (1.1) I direct the Authority under section 24(1) to report the results of the Investigation in relation to the Stated Matters in F(1.1) to F(1.5) in accordance with the following timetable:
 - a. Business specific Draft Reports by no later than 24 December 2026 following submissions being made by the Businesses; and
 - b. Business specific Final Reports by 30 April 2027.
- (1.2) I require the Authority under section 23A(3)(b) to:
 - a. publish periodic reports for each Business by no later than two months after submissions are received from the Businesses in relation to the Stated Matter in F(1.6).

This Referral made on 24th / 9th /2025



HON. JARROD BLEIJIE MP
Acting Minister for Finance, Trade, Employment and Training