

QUEENSLAND COMPETITION AUTHORITY ACT 1997
Section 10(g)
DIRECTION NOTICE

A Definitions and Interpretations

(1.1) In this Direction:

- (a) words and phrases have the same meaning as in the QCA Act
- (b) these terms have the following meanings:

Term	Meaning
2023 Referral	The referral notice gazetted on 17 March 2023 that led to the delivery of the January 2025 reports.
2026-27 Fixed Price(s)	Where applicable, the Part A prices and the access charges in Schedule 1 and the Part A and Part C prices and the access charges in Schedule 2 of both the <i>Sunwater Irrigation Water Pricing Direction Notice (No. 1) 2025</i> and <i>Seqwater Irrigation Water Pricing Direction Notice (No. 1) 2025</i> .
2026-27 Volumetric Price(s)	Where applicable, the Part B prices in Schedule 1 and the Part B and Part D prices in Schedule 2 of both the <i>Sunwater Irrigation Water Pricing Direction Notice (No. 1) 2025</i> and <i>Seqwater Irrigation Water Pricing Direction Notice (No. 1) 2025</i> .
Allowable Costs	Allowable Costs should reflect the Authority's position for 2027–28 and 2028–29 in the January 2025 Reports adjusted for the following: (a) in the case of Sunwater, removing the annual step change in operating expenditure reported in Table 13 of the Authority's January 2025 Reports (b) for RAB-based prices: i. replacing the renewals expenditure allowance with an appropriate capital expenditure allowance that incorporates capital renewals into the RAB ii. adjusting the operating expenditure allowance to include renewals of an operating nature iii. replacing the tax allowance with an appropriate tax allowance under a RAB-based approach

Term	Meaning
	iv. any under-or over-recovery of costs in 2025–26 and 2026–27 resulting from the difference between the Authority’s unit costs and the corresponding price targets in the January 2025 reports.
Annuity-based Prices	In the case of Seqwater, prices as per recommendation 1 of the January 2025 report. In the case of Sunwater, prices derived by applying the Pricing Principles and reflecting Allowable Costs calculated under an annuity-based approach.
Businesses	Sunwater and Seqwater.
Current Tariff Group	The tariff groups as set out in Schedules 1 and 2 of both the <i>Sunwater Irrigation Water Pricing Direction Notice (No. 1) 2025</i> and <i>Seqwater Irrigation Water Pricing Direction Notice (No. 1) 2025</i> .
Direction	This direction notice issued by the Minister to the Authority, under section 10(g) of the QCA Act.
Forecast Inflation	The Authority's measure of inflation used to derive price targets and prices in its January 2025 Reports.
January 2025 Reports	The Authority’s Rural irrigation price review 2025–29 final reports of January 2025 for Sunwater and Seqwater.
Price Target	Prices for each Current Tariff Group over the Price Path Period that are: • set to recover Allowable Costs allocated to each Current Tariff Group over the Price Path Period • consistent with the Authority’s positions in its January 2025 Reports, except to the extent of any inconsistency with the requirements in the Direction • adjusted so that they increase by Forecast Inflation in the second year of the Price Path Period.
Price Path Period	1 July 2027 to 30 June 2029.
Pricing Principles	The pricing principles in Schedule 2 of the 2023 referral, as modified to: • reflect the transition of prices for all Current Tariff Groups from the 2026-27 Fixed Price(s) and the 2026-27 Volumetric Price(s) towards the Price Target • replace references to ‘the Authority’s measure of inflation’ with ‘Forecast Inflation’

Term	Meaning
	• use Forecast Inflation in deriving the additional component.
QCA Act	<i>Queensland Competition Authority Act 1997</i>
RAB	Regulatory Asset Base
RAB-based Prices	Prices derived by applying the Pricing Principles and reflecting Allowable Costs calculated under a RAB-based approach.
Seqwater	Queensland Bulk Water Supply Authority (trading as Seqwater)
Sunwater	Sunwater Limited

B Direction

- (1.1) Under section 10(g) of the QCA Act, I direct the Authority to investigate and report on appropriate RAB-based Prices for each Current Tariff Group for the Price Path Period, in accordance with the requirements in this Direction.

C Conduct of the investigation

- (1.1) In accordance with section 12(5) of the QCA Act, in conducting the investigation, the Authority is directed to:
- (a) Undertake an open consultation process with relevant parties and consider submissions within the timetable for the delivery of the final report to the Minister detailed in paragraph D
 - (b) Subject to the Authority's obligations in relation to confidential information, make all reports and submissions publicly available on the Authority's website
 - (c) Report on the following:
 - (i) the Authority's assessment of the relative merits of the RAB-based Prices approach and the Annuity-based Prices approach
 - (ii) the Authority's recommendations on appropriate RAB-based Prices and appropriate Annuity-based Prices for the Price Path Period
 - (iii) the results of a comparison between recommended RAB-based Prices and Annuity-based Prices, as well as between the corresponding Price Targets, over the Price Path Period.

- (1.2) In accordance with sections 12(5) and 12(6) of the QCA Act, all of Part 6 of the QCA Act applies to the investigation.

D Report timing

- (1.1) The Authority should ask the Businesses to submit their proposals on RAB-based Prices for each Current Tariff Group by no later than 27 February 2026.

- (1.2) The Authority must report the results of its investigation to the Minister administering the *Water Act 2000* and me by providing:
- (a) a draft report by no later than 30 June 2026
 - (b) a final report and recommendations by no later than 30 September 2026.

Dated: 30 / 10 / 2025

A handwritten signature in black ink, appearing to read 'R. M. Bates'.

HON. ROS BATES MP
Minister for Finance, Trade, Employment and Training