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Our Ref: 5511808

The Project Leader
GAWB Water Security Investigation Queensland Competition Authority (QCA)
GPO Box 2257
BRISBANE QLD 4001
Via email: info@qca.org.au

Dear Sir/Madam

RE: Submission on the QCA Draft Report – GAWB Water Security Assets (FGP) 2025-30

Wiggins Island Coal Export Terminal Pty Ltd (WICET) welcomes the opportunity to respond to the Queensland Competition Authority's (QCA) Draft Report.

Pursuant to section 26(1) of the Queensland Competition Authority Act 1997 (QCA Act), WICET formally submits that the proposed price increases should be rejected and that the Fitzroy to Gladstone Pipeline (FGP) should be treated as a stranded asset for pricing purposes.

As a major employer and long-term stakeholder in the Gladstone region, WICET is deeply concerned about the disproportionate cost burden being imposed on existing industry participants and households. GAWB's initial communications of 24 February 2023 positioned the FGP as infrastructure intended to support the "emerging hydrogen and renewables sector." In contrast, the current pricing submission seeks to shift the financial burden of this investment onto legacy customers. This approach threatens the economic viability of Gladstone's established industrial base and undermines confidence in the region's regulatory framework.

Impact on WICET

WICET operates in a challenging commercial environment characterised by low utilisation, with terminal throughput currently at approximately 50 per cent of capacity and a limited customer base. At this level of utilisation, fixed costs—particularly water—have a significantly magnified impact compared to a fully utilised terminal.

Under the proposed pricing, WICET's annual water charges would increase from approximately \$846,000 in the previous year to \$2.751 million in the forthcoming year. This represents an increase of approximately 225 per cent. Such a material escalation in water costs would have a disproportionate and adverse impact on WICET's operations, as well as on its contractors and customers.



Grounds for Objection under Section 26(1) of the QCA Act

1. Efficient Allocation of Risk (Utilisation Risk)

WICET is an existing customer and submits that GAWB should bear the utilisation risk associated with the FGP.

The FGP was deliberately designed with substantial excess capacity—approximately 30,000 ML per annum—to facilitate future hydrogen and renewables projects, as acknowledged in GAWB’s own public statements. Requiring existing customers to underwrite this excess capacity, from which they derive no incremental benefit, represents an inefficient allocation of risk and an inappropriate socialisation of costs.

WICET receives no additional service capability or benefit from the FGP investment.

The Draft Report dated December 2025 notes that GAWB’s bulk water prices are determined through commercial negotiations between GAWB and its customers. However, WICET already pays for a water allocation intended to support full utilisation of its terminal. The imposition of further costs associated with speculative future demand is neither efficient nor equitable.

2. Lack of Cost Reflectivity

WICET strongly objects to the requirement for existing users to subsidise the FGP, which was driven by a regional industrial development strategy rather than by WICET’s demand. This approach is inconsistent with the principle of cost-reflective pricing.

While the Draft Report provided to government on 19 December 2025 refers to commercial negotiation as the foundation of a light-handed price monitoring framework, this characterisation does not reflect the practical reality facing existing users. Industrial and household customers have limited contractual ability to reject price increases imposed by GAWB and no alternative bulk water supplier to which they can turn. In these circumstances, the premise of effective commercial negotiation is fundamentally undermined.

3. Timing and CAPEX

WICET request the QCA rigorously audit the prudence and efficiency of the \$983 m FGP expenditure. The FGP is a near doubling of GAWB’s capital base. What was the basis of the decision provided to Treasury to fund the project? What was the basis of the decision by the GAWB board to proceed with this project?

Communications about pricing impacts of the FGP appear to have occurred after the construction approval was provided by the Queensland Government.

FGP was approved by the Queensland Government in February 2023. It was not until a customer update in November 2023 that GAWB acknowledged the FGP as a significant investment, noting that it was working with the State on funding structures. The first formal pricing notice was not received by WICET until September 2025. This sequencing indicates that project approval and funding decisions proceeded without transparent consideration of pricing and cost impacts on



existing industrial customers, particularly in light of the eventual outcome of more than a doubling of water costs.

4. Incentives for Operation Efficiency

The scale of the FGP investment and the proposed cost recovery approach undermine incentives for economically efficient operation and investment.

WICET submits that GAWB must retain a meaningful financial incentive to manage cost overruns and deliver projects efficiently. The automatic pass-through of FGP-related costs to existing customers materially reduces GAWB's accountability for prudent project delivery and cost control.

In this context, WICET requests that the QCA reconsider the weighted average cost of capital (WACC) and demand forecasts used to calculate the per-megalitre price, ensuring that they are based on realistic and current market data.

5. The availability of goods and services to consumers and the social impact of pricing practices

As the primary bulk water supplier in Gladstone, GAWB occupies a monopoly position. Household consumers, who receive water via Gladstone Regional Council, have no ability to switch suppliers.

WICET understands that the proposed price increases would result in Gladstone households facing some of the highest water costs in Queensland. WICET is further informed, including through its employees, that households have been given limited visibility of these impending increases.

The impacts extend beyond direct water charges. Increased household living costs place upward pressure on wages across the region, affecting WICET, its contractors, suppliers, and other industries. Higher living costs also reduce discretionary spending, negatively affecting retail, hospitality, and broader regional economic activity. Collectively, these outcomes diminish Gladstone's attractiveness to new businesses and reduce competitive investment in the region.

For the reasons set out above, WICET submits that the proposed pricing is inconsistent with the matters the QCA must consider under section 26(1) of the QCA Act. WICET respectfully requests that the QCA reject the proposed price increases and reconsider the treatment of the FGP within the pricing framework.

Yours faithfully

Ben Yaksich

Ben Yaksich
Chief Executive Officer