



19 September 2024

Professor Flavia Menezes  
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Queensland Competition Authority  
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Online: [www.qca.org.au/submissions](http://www.qca.org.au/submissions)

Dear Professor Menezes,

**Re: Draft Report Rural Irrigation price review 2025 -29 Sunwater**

We would like to convey our appreciation to the QCA Board and staff for the compilation of this draft and wish to record our support for the continuation of QCA's role in the discovery and recommendation of prudent and efficient costs for the Shareholding Ministers consideration.

We request that you convey our appreciation to the Shareholding Ministers, your fellow board members and your staff.

The draft is professional, well presented and in our opinion provides a balanced view of the prudent and efficient costs associated with the running of the core irrigation service, that is, the storage and delivery of water to irrigation customers, and is consistent with the governments pricing principles in the regulated section of the Bundaberg Irrigation Area.

We are also of the opinion that the report will be challenged very vigorously by Sunwater and request that QCA not be swayed from your findings in relation to:

**OPEX:**

Whilst we are not able to comment on areas other than the Bundaberg Irrigation Area our knowledge of our own scheme and its operation in the regulated sections supports the reduction of OPEX proposed by QCA. We note that Sunwater has recently decided to continue the Electricity Cost Pass Through Trial and as a result the allowance for review event adjustments of \$10.7 million may need to be reconsidered. We would request that QCA determine the net position after the ECPT is returned to ensure that only the net result is applied.

## **RENEWALS:**

BRIG supports the continuance of the Annuity approach to recover renewals costs during this oncoming price path. The reasons for this were clearly outlined in our submission dated 29 February 2024.

We note that in the referral notice from the Treasurer dated 10 March 2023, that in relation to transitioning from an annuity to a RAB based approach for calculating irrigators share of asset renewal costs ***“...Minister for Water has advised that further work is required to ensure there are no adverse consequences for both customers and the businesses. I am advised that while a RAB based methodology has merit, proposals from the businesses related to a RAB based methodology, and any associated decisions from Government, are not expected to be available for consideration by the QCA as part of this review.”***

Sunwater has not been able to convince the majority of irrigators in the Bundaberg Irrigation area that a change to a RAB based methodology will come without very significant adverse consequences for irrigators.

In addition, QCA’s assessment indicates that there will be significant price target variability between price paths which is clearly a material adverse impact and at odds with the governments pricing principles in the regulated section of the Bundaberg Irrigation Area.

The rationale and justifications provided to us for a change to a RAB by Sunwater are obscure and rely on a philosophy of *“just trust us ...ok.”*

We understand that this could be simply because of the very short time frame to detail a complex issue to irrigators.

We record our unequivocal support for QCA’s recommendation that Sunwater take the time over the next 4 years to develop a clear rationale of the benefits to irrigators in the regulated section of our scheme so that a more informed decision can be made for the next price path.

## **ELECTRICITY:**

We have collaborated with Sunwater and many others to address the impact of electricity costs in the Bundaberg Irrigation Area. We commend Sunwater for the initiatives and programs that they have implemented in managing electricity consumption and purchase.

Whilst we are very disappointed that a practical cost pass through mechanism could not be designed and implemented for this oncoming price path, we strongly support QCA’s recommendation that Sunwater’s service and performance plans be updated to include the additional information that Sunwater proposed to be included in the annual ECPT mechanism report.

Continued transparency and collaboration will deliver sustainable energy productivity.

I have met with and workshopped and agreed the contents of this submission with CANEGROWERS Isis, Bundaberg CANEGROWERS, Bundaberg Ag Food and Fibre Alliance (BAFFA) and Bundaberg Sugar. As such our observations and requests to QCA are

representative of around 90,000 ML or around 60% of the nominal allocation in the Bundaberg Irrigation Scheme.

Please call any of the undersigned should you require further information or clarification.



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