

Qld Competition Authority Review
Rural Irrigation Prices July 2020-June 2024
Three Moon Creek Water Supply Scheme Submission

Thank you for the opportunity to make a submission to the QCA regarding the review of rural irrigation pricing practices to be considered when setting water prices for the 2020-2024 price path. Issues of concern are detailed below.

- 1. Part C Section 1.2 (b) 1 of the Referral and Direction Notice indicates that costs incurred by Sunwater to implement the 2015 recommendations made by the Inspector-General Emergency Management are to be recovered during the price path period.**

Early indications through consultation with Qld Farmers Federation are that in this scheme the cost impost will be in the order of \$6.15 per megalitre. This is a very significant amount for irrigators in this scheme and our group is of the opinion that the cost of implementing these recommendations should be borne by the taxpayer and not the irrigator cohort. Recent floods in this area have clearly been mitigated by Cania Dam rather than exacerbated by its existence and flooding has been well documented as an issue in this catchment prior to the construction of Cania Dam.

- 2. Part C Section 1.2(b) 111 of the Notice requires that costs generated by the QCA undertaking the investigation up to a cap of \$2.5 million are to be recovered through the price path.**

The QCA involvement is required due to the monopoly operation of Sunwater in bulk water storage and distribution that supplements water supply on Three Moon Creek. The Sunwater monopoly is essentially a result of government decision making and as such the State should be responsible for any costs associated with addressing this issue. Hence, it is our opinion that these costs should not be considered when recommending prices for the next price path.

- 3. Schedule 2 Principles Part E 11 limits increases in the Fixed (Part A) price to \$2.38 per annum plus inflation where the prevailing price is less than the initial cost reflective price.**

While this commitment to incremental price increases is appreciated, we note that the same control is not required to be applied to Usage (Part B) prices. Early indications are that usage charges in this scheme are forecast to increase from \$4.76 per meg to \$13.04 per meg. This represents an increase of 174 % in this component of the water price. Irrigators feel that a single increase of this magnitude will compound issues posed by increasing electricity costs faced by irrigators and jeopardise the viability of the irrigation sector in this area. This in turn, could lead to lower water usage and hence reduce the viability of the Scheme. Furthermore, the economic impact on the local economy will be significant.

We are suggesting that proposed increases in the Part B charge be limited in the same way as applies to the Part A charge in order that irrigators can make the necessary adjustments over time.

4. It is also noted that under Part B (1.5) of the Notice that the Authority is to review the tariff groups and develop alternative tariff groups and associated prices for the Three Moon Creek Scheme.

Our view is that some consultation with affected irrigators is essential in regard to this requirement. We respectfully submit that Monto be considered as a venue for this consultation which could be broadened to include members of the adjacent Upper Burnett and Callide Valley Schemes to provide an efficient means of fielding concerns from those irrigation communities.

5. A point of general concern in relation to future water pricing is the very significant growth in proposed annuity balances for our scheme.

We understand that this an issue of concern in Sunwater schemes across the State and calls into question the effectiveness of the Sunwater Asset Management System. We feel that a rigorous assessment of this system is warranted to ensure that schemes are not rendered unviable due to mis-management of the system.

Thank you for your consideration of our submission. We wish you well in your deliberations and look forward to a positive outcome for all parties.