

## Bundaberg workshop—issues raised

*This note records issues identified and views expressed by stakeholders present at the QCA's initial workshop for the 2025-29 irrigation pricing review. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's draft report.*

**Schemes:** Bundaberg

**Date of workshop:** 6 February 2024

Topic	Issues raised
Sunwater's proposed costs	<ul style="list-style-type: none"> <li>Stakeholders noted that lower bound costs increase every 5 years and the scheme fell below this target again. This outcome was particularly queried for the Bundaberg River tariff group.</li> <li>Stakeholders were concerned about the cost of the billing system, including the total cost and how the costs are allocated.</li> </ul>
Electricity costs	<ul style="list-style-type: none"> <li>Stakeholders noted that electricity is a major driver of opex.</li> <li>One stakeholder acknowledged a productivity improvement as a result Sunwater being part of a whole-of-government electricity purchasing contract.</li> </ul>
Distribution losses	<ul style="list-style-type: none"> <li>One stakeholder questioned how Sunwater calculated the prudence and efficiency of distribution loss holdings (particularly given the moratorium with Paradise Dam).</li> </ul>
Efficiency incentives	<ul style="list-style-type: none"> <li>Stakeholders asked how the QCA can set efficiency drivers for Sunwater, noting that farmers are price takers and therefore efficiency incentives for Sunwater are needed, particularly in opex.</li> <li>The cost of living was identified as a major issue, particularly the impact of water and electricity prices on businesses.</li> </ul>
RAB vs annuity approach	<ul style="list-style-type: none"> <li>Stakeholders are not convinced that a regulatory asset base (RAB) approach is the best option.</li> <li>Stakeholders raised concerns about tax allowances and the weighted average cost of capital under a RAB approach.</li> <li>One stakeholder acknowledged an issue of intergenerational equity under an annuity approach, but did not consider that it impacts on irrigator investment and usage decisions.</li> </ul>