



Queensland Competition Authority
GPO Box 2257
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16th September 2024

**Submission of Central Downs Irrigators Limited to the Queensland
Competition Authority (QCA) Rural Irrigation Price Review 2025-2029
draft report**

Central Downs Irrigators Ltd represents irrigators across the Darling Downs. Our membership includes irrigators with Medium Priority and Risk A entitlement from the Upper Condamine system. Our members make up the large majority of water used in the system. This submission represents the thoughts of those affected irrigators.

Our representatives have attended the consultation sessions held recently on the proposed price path for the Upper Condamine and provided feedback at those meetings. This submission provides a written record of our thoughts on the draft report.

We raised a number of issues in our previous submission to QCA, however we feel that many of these were ignored or not investigated. Perhaps our language wasn't strong enough in requesting those investigations, so this submission will attempt to be clearer.

There seems to be no attempt by QCA to investigate individual scheme costs and increases, preferring to use a base model and applying it across the broad network of schemes. This is despite huge differences in proposed cost increases between schemes. *Why has QCA failed to investigate the Upper Condamine cost increases when they are so large and as yet unjustified?*

RAB vs Annuity

QCA has highlighted that SunWater has more work to do before implementing the RAB approach. We support this position and agree that SunWater needs to make significant improvements in its long-term renewals planning.

We highlighted the discrepancies of the Upper Condamine Annuity balance in our previous submission, but QCA seems to have made no attempt to investigate these issues in its draft report. *We ask that QCA determine the planning, expenditure and accounting of the Annuity fund in the Upper Condamine.* Particularly as we move towards a RAB approach, we need QCA to ensure we are getting a true balance of the fund.



Proposed increases in costs

We highlighted the fact that we are facing huge cost and price increases in the Upper Condamine in our previous submission, but these issues again seem to have gone unanswered. Customers in the Upper Condamine are still to receive any information from SunWater or QCA to justify a near doubling of prices over the price path, and in one case, a 45% increase from one year to the next.

Central Downs Irrigators asks QCA to investigate the proposed price increases in the Upper Condamine and determine if they are prudent and justified.

In no part of the QCA draft report can we see an attempt to investigate cost and price increases in the schemes that had Part A prices lowered under a change of Government policy. It seems that these schemes all face significant price increases with little to no justification, and no investigation by QCA.

Is SunWater price gouging those schemes which were moved back to Lower Bound Cost Recovery for Part A charges in its proposed price increases for 2025-29?

Central Downs Irrigators is also still concerned with the large increases in overhead support costs and the increase in staff numbers at SunWater in recent years. Whilst QCA has used a consultant to investigate these overheads and performance of SunWater we do not agree with the methods used. The main issue is the benchmarking of SunWater's costs and performance with similar businesses. Many of these businesses are similar monopoly operators with little drive for efficiency or cost savings. Comparisons of these businesses does not reflect prudent and efficient operations.

The Atkins Realis report shows that the major cost driver is increases in support costs (Figure 3-8, page 51). These were explained in part due to a maturity journey, new CEO and Chair. Is the current Board and Management on a justified cost path that has obviously exploded past QCA recommended costings?

It is clear from Figure 3-20 on page 76 of the report, that whilst every other comparable business had cost decreases in overheads in recent years, SunWater's rose massively. Can these cost increases be justified or is it simply a case of SunWater doing what it likes and asking QCA for forgiveness later? It seems in this case that QCA is finding it hard to 'unscramble the egg'.

CDIL does not believe SunWater is justified in its huge staff number increases and subsequent cost increases, and asks that QCA further investigate and justify these costs.

In table 73 on page 162 of the QCA draft report, it would be helpful to include another column showing the current cost allocations and total, to enable comparison between the price paths.



CENTRAL DOWNS IRRIGATORS LIMITED

We welcome the opportunity to provide the above feedback on the Queensland Competition Authority Rural Irrigation Price Review 2025-2029 draft report. We trust you will take our concerns with the consideration they deserve.

Yours sincerely

Lindsay Krieg

Treasurer
Central Downs Irrigators Ltd