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Initial Submission to Queensland Competition Authority

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To Whom It May Concern:

This submission maintains that the Sunwater pricing methods are detrimental to customer productivity and as such are uncompetitive.

1. Part A Charges (fixed cost) are suffered only because it is law. Being forced to pay the fixed charge before receiving any water means that many farmers are left with insufficient funds to draw the water to which they are entitled. A pricing system with a minimum of number of megalitres and a per megalitre charge is more realistic as these megalitres are then applied to the crop and consequently improved productivity reduces the risk to both parties.
2. Customer water allocation and use (p81 Annual report 2008/2009) indicates less than 50% usage by rural irrigators. This indicates that prices are having a detrimental effect on the amount of water used by farmers.
3. Sunwater web pages announce profit on one hand and contradict themselves by claiming insufficient returns on capital in other literature. On p 28 Sunwater Limited Annual Report 2008/2009 (Asset Sustainability) – Irrigation Scheme Annuity reports that funds are steadily accruing in the Bundaberg scheme. Balance sheet and Income statements of cash flows indicate huge increases in profits and Cash at the end of the financial year (2008 - \$24,575,000 to 2009 – \$120,316,000). This means Sunwater is making unreasonable profits at our expense, especially considering the difficulties farmers have faced for a long period of time with water availability and product pricing.
4. Services – Hourly rates for metre servicing is excessive at \$117.00 per hour. Even fully trained electricians are not paid this amount.

Conclusion – Prices are too high, the transparency of price determination is too low. In our business, we earn only after we have produced and supplied. We take responsibility for the risk that we choose to take. It's time Sunwater did the same!



Michael Hetherington
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(Director - Southern Region)



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