

2025-29 rural irrigation price review Emerald workshop – summary of issues raised

This note records issues identified and views expressed by stakeholders present at the QCA's workshop on the draft report for Sunwater's schemes. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's final report.

Schemes: Nogo-Mackenzie

Date of workshop: 22 August 2024

Topic	Issues raised
Scheme-level costs	<ul style="list-style-type: none"> A stakeholder questioned how overheads are allocated to the scheme. A stakeholder questioned how direct labour costs is calculated, and what Sunwater is doing now compared to 5 years ago to drive increases in direct labour costs. A stakeholder questioned how the performance had varied with an increase in the cost per FTE and larger number of scheme FTEs since the last QCA review. A stakeholder indicated that Fairbairn Irrigation Network (the locally managed distribution system) provides the meter reads to Sunwater for Sunwater to do the billing. This should contribute to a lower labour cost than other schemes. A stakeholder said that the QCA should focus on the operational efficiency of Sunwater's labour expenditure at the scheme level. A stakeholder queried how Sunwater procures its insurance and how the annual amount is allocated to the scheme. Some stakeholders further questioned how frequently Sunwater reviews its insurance costs and how the costs flow to customers. A stakeholder questioned whether Sunwater challenges land tax and rates rulings as they do. A stakeholder questioned how much costs could change between the draft report and the government deciding on final prices. A stakeholder questioned how the QCA ensures that actual costs used to derive base year opex are accurate as they have seen errors in some of their bills.
Billing system costs	<ul style="list-style-type: none"> A stakeholder questioned what efficiencies are being created by the new billing system as it is still increasing costs, for example, if it is providing enhanced cyber security should it provide an insurance saving? A stakeholder sought clarification on the costs Sunwater will incur on the billing system given the system is not yet live.

Topic	Issues raised
QCA recommendations	<ul style="list-style-type: none"><li data-bbox="616 250 1458 315">• A stakeholder enquired about how seriously the government treats the QCA's recommendations.<li data-bbox="616 324 1458 389">• A stakeholder wanted to know what impact a changing government might have on the outcome of the QCA's review.
RAB vs annuity approach	<ul style="list-style-type: none"><li data-bbox="616 412 1458 515">• A stakeholder questioned whether the QCA looked at the Sunwater approach to asset management when considering the RAB approach.