



QUEENSLAND FARMERS' FEDERATION

Primary Producers House, Level 3, 183 North Quay, Brisbane QLD 4000
PO Box 12009 George Street, Brisbane QLD 4003
qfarmers@qff.org.au | 07 3837 4720
ABN 44 055 764 488

Letter – Water and Energy Policy Committee

10 June 2019

Lisa Welsh
General Manager – Customer Strategy
Green Square North
Level 9
515 St Pauls Terrace
Fortitude Valley
Queensland 4006

Dear Lisa

Re: QFF's Water and Engagement Policy Committee Meeting, 30 May 2019 (Discussion on Account Keeping Fees)

The Queensland Farmers' Federation (QFF) is the united voice of intensive, semi-intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 farmers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Flowers Australia
- Pork Queensland Inc.
- Queensland United Egg Producers (QUEP)
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd.

The united voice of intensive agriculture



QFF extends its gratitude for your presentation to WEPC members on Thursday 30 May and acknowledges the work undertaken to date by Sunwater to design and model opportunities to calculate specific account charges (for Sunwater channel and river schemes). QFF also acknowledges the additional transparency created from this process, which will assist in the future development of local management arrangements. We provide this correspondence without prejudice to any additional submission from our members or individual farmers.

QFF is broadly supportive of applying an account keeping fee/charge based on previous scheme charges which applied throughout Queensland as well as findings from the Local Management Arrangement reviews. QFF believes that account keeping charges may be an appropriate mechanism to ensure the long-term sustainability of irrigation schemes and to increase equity across scheme-users. QFF is aware that in many schemes, larger water users are cross-subsiding small users and the trend of small users is increasing due to inadequate land-use planning procedures and controls in Queensland.

As discussed in the meeting there were a number of points raised as clarification:

- WEPC members are only supportive of a revenue neutral proposal.
- In general, WEPC members were broadly supportive of a specific account keeping charge, subject to the provision for particularly schemes to 'opt-out' where there are not a significant number of small users or for those schemes who do not want to disincentivise small water users.
- WEPC member support is dependent on an appropriate and formalised hardship program for irrigators who experiencing genuine adversity.
- QFF's support is without prejudice to the Mareeba-Dimbulah scheme which currently administers an account charge of \$670.99 which offsets selected fixed charges.
- QFF's support is without prejudice to the Local Management Arrangement Schemes who may apply charges as gazetted.
- The charge must be simple and transparent to all users.
- The charge will be levied only once onto a customer account regardless of number of off-takes.
- There was unanimous support from WEPC for specific cost-reflective changes relating to 'unauthorised use' and 'do not take' letters. The nature of this support included a cost-reflective average cost approach being applied to these activities.

QFF also notes a number of matters requiring clarification or further work:

- Investigation needs to occur to determine if an account fee/charge may be applied as an exception to A & C charges. As such, QFF appreciates that this may be outside the current QCA price path given the restraints of the referral notice.
- The charge will be based on real costs, reflective of the average customer administration costs (for all customers not just irrigators). QFF believes that these costs are below the \$950 (the ceiling-limit) stated by Sunwater and understands that the current efficiency review of Sunwaters operational processes will reduce this amount. It is also anticipated that these costs will reduce over time and savings passed onto account holders. All costs must be prudent and efficient.
- Sunwater provided an 'Access Charge' table (see slide 9 of the PowerPoint presentation provided to the committee). QFF requests that this table is recalculated removing Sunwater as a customer and therefore SunWaters allocations.
- There is investigation into discounting account fees for single-user schemes such as Pioneer Valley.
- Further analysis is undertaken to determine the exact number of smaller users (and the definition of a small user) who would be worse-off by paying a specific account keeping charge.
- It is unclear if the changes to account fees would be sufficient to change customer behaviour and increase operating efficiencies within Sunwater. As such, appropriate metrics will be required to monitor the success of the scheme and to determine if future interventions are appropriate.

- Exact number for the past five-years for 'unauthorised use' and 'do not take' letters so that QFF can determine any specific environmental conditions which may impact the proposals developed.
- Development of criteria around determining 'active-use' of the 'Sunwater on line' system for growers to determine discount criteria.

We look forward to actively working with Sunwater to refine the work to date on the Account Keeping Charge. Thank you for the offer for Melissa Lascelles, Energy Advisor to present on the current Sunwater energy efficiency and contract activities at the next WEPC meeting. If you have any queries about this letter, please do not hesitate to contact Dr Georgina Davis at georgina@qff.org.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Murray', with a stylized flourish at the end.

Michael Murray
Chair – Water and Energy Policy Committee

Cc: Mr Darren Page, Project Manager, Queensland Competition Authority.