



SUBMISSION BY BUNDABERG FRUIT AND VEGETABLE GROWERS LTD

Queensland Competition Authority

Review of RAB-based irrigation prices 2027–29

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Submission to the Queensland Competition Authority (QCA)

Review of Irrigation Pricing Frameworks (2027–29)

About Bundaberg Fruit and Vegetable Growers Limited

As a not-for-profit regional organisation, Bundaberg Fruit and Vegetable Growers Limited (BFVG) represents the interests of fruit, vegetable, nut and herb growers and the businesses that support them across the entire supply chain in the Wide Bay Burnett region of Queensland. Formed in 1948, BFVG works with our members to improve on-farm practices, educate consumers, the community and assist with building a secure workforce.

A diverse growing area, the Wide Bay Burnett is Queensland's most productive irrigated agricultural region. In addition to leading the state in output of citrus and avocado we are the largest producing region in Australia for sweetpotato, macadamia, chilli, and passionfruit. Home to a thriving berry industry from blueberry to strawberry we also have significant protected cropping environments that support year-round production of figs, cucumber, and many other crops.

Local advanced manufacturers rely on the production volumes of this region to support a wide range of value-add products which alongside our fresh produce is exported globally. A significant food bowl for Australia that grows commercial quantities of over forty different major commodities, our region is putting fresh produce on plates around the world.

The region contributes over \$1.5billion to Queensland's economy each year due to our significant production horticulture industry which has a gross value of production of \$573million for fruit and nut commodities, \$413million for vegetable commodities and \$177million for field crops including sugarcane, sorghum, and maize¹.

Bundaberg Fruit & Vegetable Growers (BFVG) welcomes the opportunity to provide input into the QCA's review of irrigation pricing frameworks. BFVG has been actively engaged in several consultation sessions throughout this process. We note that this is a highly complex and technical topic, and it can be challenging to generate strong engagement from growers on matters of this nature. As a result, BFVG places significant weight on the expertise and analysis provided by recognised industry bodies, including the Queensland Farmers' Federation (QFF), through its Water & Energy Policy Committee (WEPC).

We therefore **support the QFF position to retain the renewals annuity framework.**

Position on Pricing Frameworks

BFVG supports the continuation of the renewals annuity approach, which provides:

- Greater price stability and predictability for irrigators
- Improved long-term planning and transparency
- More balanced intergenerational cost sharing

The annuity model enables costs to be smoothed over time, whereas a RAB approach introduces deferred costs and a return on assets, which can lead to higher long-term pricing outcomes and reduced visibility for irrigators.

¹ <https://ausveg.com.au/>

Concerns with the RAB Approach

Our Members have several concerns regarding the proposed transition to a Regulatory Asset Base (RAB) model:

1. Short-term framing of benefits

The consultation process was typically framed around the concept of lower short-term prices under a RAB model. This framing was simplistic and perhaps not reflective of likely outcomes. Whilst long-term costs were also provided, framing the shorter-term prices upfront does not consider that as the asset base grows which is the case for the Bundaberg Irrigation Area the long-term costs escalate.

2. Intergenerational equity and cost burden

A RAB model defers costs into the future and applies a return on assets, increasing the likelihood that future irrigators will bear a greater financial burden. This is particularly concerning in regions like Bundaberg where schemes already have positive asset values and would be exposed to price pressure.

3. Paying a return on publicly funded assets

Many irrigation schemes have been significantly supported by public investment. Under a RAB framework, irrigators may effectively pay a return on assets they did not fund, raising fundamental equity concerns over who benefits from the asset.

4. Risk of 'gold plating'

The concept of 'gold plating' was raised several times by our Members and may also speak to the trust they have in government owned corporations to manage assets fiscally. A RAB framework cannot adequately protect irrigators from inefficient or excessive capital expenditure. By facilitating a return on capital, it inherently creates an incentive structure that may drive over-investment, contrary to the principles of prudent and efficient infrastructure management.

5. Misalignment with lower bound pricing principles

The inclusion of a rate of return under a RAB approach is inconsistent with Queensland's established lower bound pricing principles, which aim to ensure irrigators are not paying more than the efficient cost of service delivery.

Consultation Process Feedback

BFVG wishes to provide feedback on the consultation process:

- Sunwater's approach demonstrated an intention to engage, however the quality and effectiveness of engagement was ranked lower by irrigators which was reflected in their submission.
- The topic is complex and technical; the process was often difficult to follow and did not always clearly communicate the long-term implications of each pricing model.
- It has been mentioned by some that Sunwater's submission downplayed the role and views of QFF's WEPC, whether this was intentional or not is unsure. BFVG supports the position that QFF, through WEPC, is representative of irrigator views, and this should be appropriately recognised.

Preferred Approach

BFVG's preferred position is to **retain the renewals annuity framework**.

However, should a RAB model be adopted, we strongly recommend the QCA implement safeguards, including:

- Independent and transparent asset valuation processes
- Clear treatment of legacy and publicly funded assets
- Strong regulatory controls to prevent inefficient or excessive capital expenditure
- Improved transparency and communication with irrigators on future investment decisions

Conclusion

This review represents one of the most significant potential changes to rural water pricing in decades. The chosen framework will have long-term implications for price stability, investment confidence, and the sustainability of irrigated agriculture.

BFVG reiterates its support for QFF and the continuation of the renewals annuity framework as the model that best supports growers, regional economies, and intergenerational equity.