



Central Highlands Cotton Growers & Irrigators Association

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CHCG&IA Response to the QCA Rural Water Pricing Review (2027-2029)

To Queensland Competition Authority
By online submission form

Introduction to the Central Highlands Cotton Growers and Irrigators Association

The Central Highlands Cotton Growers & Irrigators Association (CHCG&IA) is a local, not-for-profit industry group representing growers, irrigators, and associated agricultural businesses across Queensland's Central Highlands. The CHCG&IA represents members who are stakeholders and/or end users of water supplied through the Nogoa-Mackenzie Scheme. Water from this scheme is used to irrigate a diverse range of crops, including cotton, mungbeans, soybeans, sunflowers, chickpeas, wheat, corn, forage, and sorghum, as well as horticultural produce such as grapes, melons, macadamias, and citrus. These farming enterprises underpin a broad network of associated regional businesses, including product resellers, banks and financiers, agronomists, consultants, contractors, ginners, merchants, and researchers.

Background

The Queensland Competition Authority (QCA) is reviewing the framework used to set irrigation water prices for the 2027–2029 period, including whether to retain the current Renewals Annuity approach or transition to a Regulatory Asset Base (RAB) methodology.

Feedback

Through engagement with our irrigator members and peak agricultural advocacy bodies, including Cotton Australia and the Queensland Farmers' Federation, the CHCG&IA has developed a stronger understanding of the comparative pricing and application implications of the Renewals Annuity and RAB approaches.

The CHCG&IA find that for either the Annuity or RAB framework to be effective the QCA need to

- Effectively forecast risks, establish proactive mitigation and ensure resolutions are fair between Sunwater and the customer
- Provide transparent communication of capital and operating expenditures with information easily accessible to all customers.
- Insure Sunwater be held accountable to high project governance standards with performance -based assessments and appropriate incentives/penalties.

As agriculture is a key industry serviced by the Nogoa Mackenzie Scheme, we strongly suggest that any framework adopted reflects the variable nature of agricultural seasons and allows appropriate flexibility to ensure more equitable costs to the customer. See below examples

- Applying pricing structures that adjust as asset performance and delivery of water allocation fluctuate.
- Avoiding excessive fixed cost recovery and/or unnecessary expenses during low times of low water allocation supply.

Conclusion

Based on the information currently available to the CHCG&IA, we see merit in the continued application of the Renewals Annuity structure rather than transitioning to a RAB framework. See the following key reasons

- The Renewals Annuity framework delivers greater transparency, consistency, and long-term feasibility, enabling customers to manage charges more effectively now and into the long-term future.
- It allows for more balanced distribution of costs to customers over a long period of time, this consistency is more equitable across current and future customers.
- Overall, the Renewals Annuity structure offers a more sustainable partnership between Sunwater and the customer.

We acknowledge that the QCA Rural Water Pricing Review is still underway and confirm our willingness to continue engaging with the QCA to support the development and implementation of a fair and sustainable approach to Sunwater's pricing for its customers.

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