

## **LOWER MARY CUSTOMER ADVISORY BOARD (LMCAB)**

**SUBMISSION to; Queensland Competition Authority (QCA)**

**Via; <http://www.qca.org.au/Submissions/Irrigation-Pricing-Review>**

**Re; Sunwater Price Review 2020 -2024**

The LMCAB was established following a recommendation from the Local Management Arrangements (LMA) Stage 3 Board. The members of the LMCAB include an independent chair, irrigator representative members with cross industry sector representation including sugar cane (MSF and independent growers), permanent plantings, grain, horticulture and fibre in addition to local council representation (Wide Bay Water). Members of the LMCAB include past members of the LMA boards. The primary focus of the LMCAB is to advise Sunwater in regard to the operational impacts on the irrigation customers/ industry regarding the levels of service provided, the need for water security, irrigation economic sustainability and industry sector drivers across the irrigation scheme that influence water use.

The following submission is presented by the members of the LMCAB to the QCA on the basis of independent cross industry representation for the Lower Mary irrigators however it must be noted that;

***“All issues, questions, opinions and material content presented in this submission do not represent Sunwater in any way nor is the submission influenced by Sunwater.”***

### **Submission Issues**

- There is no evidence of the findings of the LMA process being taken into consideration. The application of the LMA findings should significantly reduce the costs of the QCA review and in turn provide a return on the investment expensed during the LMA process.
- On presentation of the draft report and in the consultation process there is no transparency as to the underlying considerations applied in reaching the recommendations. There is no feed back to the stakeholders whether or not the issues previously raised in consultation are addressed which reduces the confidence in the review process.

## 2.

- There is a cross industry concern that there is little to no consideration given to water security within the Lower Mary. (The Lower Mary is a river fed scheme without the security of dam storage.)
- QCA confirmed during September consultation that the broader agri support industries and socio economic impacts across the region are not taken into account. The concern is that it is inevitable that water use will be reduced considerably further impacting on the revenue stream of the Lower Mary Irrigation Scheme. The sugar industry in particular will contract considerably on application of the recommended price path. The resulting impact will see major down turns in the regions employment, the loss of support industries and the resulting overall regional economy downturn impact.  
The important consideration is that there is no industry that immediately replaces one in downturn to offset the impact.
- The economic impact of the energy costs is a major impost on the cost of water that is delivered to an irrigator. The irrigator is then faced with further energy costs to apply the water. Are the current tariffs being used and applied by Sunwater the most efficient when assessed by QCA? QCA also reviews energy costs which allow access to information which would allow consideration to be given to the bundling of energy tariffs and resulting costs for Sunwater and irrigators at the most cost efficient level to ensure ongoing sustainability of the irrigation industry. The current costs and those projected for water and energy combined do not present bankable gross margins across the broader agricultural base of the Lower Mary.

The current recommended pricing regime when coupled with energy costs will significantly reduce water use in volumetric terms due to the industry sector impacts on viability. Current indications are that water consumption in the Lower Mary may well be reduced by over 50% in the coming year as a result of the costs incurred in relation to sugar alone.

### 3.

- The terms of reference do not give consideration to industry sector viability, the overall water consumption and the resulting impact on water delivery costs applied by Sunwater. QCA are asked to ensure these aspects are considered with relevant transparency provided to irrigators.
- It was apparent from the QCA draft report consultation meeting in Maryborough that weighted consideration is applied to the dam safety issues. The Lower Mary does not have a dam in the scheme and as such there is no clarity on consideration of the Lower Mary being treated differently as a result. How does QCA account for the fact that not all schemes are the same?
- The LMCAB provides support in principle to the QFF Submission “specifically focused on an amended electricity cost estimation methodology and annual pass through mechanism” dated the 29<sup>th</sup> of August. The LMCAB seeks assurance from QCA that every avenue addressed in the submission be addressed along with the considerations previously detailed in this submission.
- The LMCAB provides support in Principle to the “QFF account keeping fees letter” dated the 10<sup>th</sup> of June 2019 and the subsequent submission by Sunwater with the process to be tested for no individual disadvantage being applied. Some irrigators do not have a technology base on which to access the benefits of the proposal and this requires consideration of the same. Consideration must be given to the demographic of the customers.