

Mallawa Irrigation contact:

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Rural irrigation price review 2025–2029
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001
Online submission to: <https://www.qca.org.au/submissions/>

RURAL IRRIGATION PRICE REVIEW 2025-2029 - MALLAWA IRRIGATION

Mallawa Irrigation Limited (Mallawa) welcomes the opportunity to provide feedback to the Queensland Competition Authority (QCA) for the rural irrigation price review 2025-2029 draft report.

INITIAL STAKEHOLDER SUBMISSION FEEDBACK

In February 2024, Mallawa provided feedback on the QCA's irrigation price investigation 2025-29. Key issues included a lack of prudence and efficiency of capital projects and projected costs, procurement processes and costs and Sunwater's forecast operating expenditure (support costs).

We recognise the efforts of the QCA in acknowledging and attempting to address some of these issues. However, it is disappointing that some concerns have not been acknowledged or sufficiently addressed. We continue to hold concerns regarding:

- The projected costs of capital projects and their impact on St George customers.
- The lack of transparency around what is driving capital projects and how the costs have been determined.
- Sunwater's procurement decisions and practices which should be further scrutinised to reduce projected costs of capital projects.
- The viability and sustainability of an organisation allocating more than 50% of operating expenditure to support costs.

ANNUITY VERSUS REGULATED ASSET BASE (RAB)

Mallawa does not support the proposal to maintain Annuity.

We understand that QCA has recommended Sunwater maintain Annuity rather than taking a RAB approach. However, under a RAB approach, the St George scheme would see an 8% to 9% decrease in pricing, which is a significant improvement on QCA's draft prices. This equates to approximately \$2M difference to Mallawa customers and \$500k to Mallawa over the four-year period.

We are therefore advocating for a RAB approach until further calculations and clearer communication around implications for Mallawa and our customers can be completed.

While we appreciate QCA's draft position to reduce Sunwater's operating expenditure by 9% and renewals by 25%, under the continued annuity approach, St George customers are still no better off for the first two years as Sunwater's expenditure is still high enough that prices are capped at the 'lower bound' price.

WORKING COLLABORATIVELY TO REVIEW RURAL IRRIGATION PRICES

We would like to respectfully request the opportunity to be involved in conversations between Sunwater, QCA and contractors regarding this price review and the impact it will have on St George customers. Mallowa are committed to working collaboratively to deliver solutions for our shared challenges and achieving positive outcomes for all stakeholders.

Mallowa Irrigation would be pleased to provide further comment or information to support our submission.

Thank you for the opportunity to provide feedback.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Schultz', written in a cursive style.

Justin Schultz
Board Chair