

QCA Irrigation Price Investigation 2025-29

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The united voice of
Queensland agriculture

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- Queensland Fruit & Vegetable Growers
- Nursery & Garden Industry Queensland
- eastAUSmilk
- Australian Cane Farmers Association
- Queensland United Egg Producers
- Turf Queensland
- Queensland Chicken Meat Council
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- Fairburn Irrigation Network
- Mallowa Irrigation
- Pioneer Valley Water Co-operative Ltd
- Theodore Water Pty Ltd
- Eton Irrigation
- Queensland Oyster Growers Association
- Lockyer Water Users Forum

About the Queensland Farmers' Federation

The Queensland Farmers' Federation (QFF) is the united voice of agriculture in Queensland.

We are a member-based organisation representing the interests of peak agriculture industry organisations (both state and national). Through our members, QFF represents more than 13,000 primary producers across the cotton, cane, horticulture, dairy, nursery and garden, poultry, pork, and intensive animal industries.

We unite the sector to engage in a broad range of economic, social, environmental, and regional issues through advocacy, policy development, and project activity. We work with the government of the day on behalf of industry, farmers, and the community to provide powerful representation and contribution to the policy direction, sustainability, and future growth of Queensland's agriculture sector.

Our Council of member representatives and policy committees set the strategic priorities for policy development and advocacy, while our Executive Board ensures our corporate governance.

QFF draws on the expertise and industry knowledge of our members, and through our commitment to collaboration and considered policy development, we lead Queensland's agriculture sector towards a strong future, ensuring our members are ahead of the game and have a voice at the table on the issues that matter to their members.

Submission

QFF welcomes the opportunity to provide comment on the QCA Irrigation price investigation 2025-29.

We provide this submission without prejudice to any additional submission from our members or individual farmers.

Overview

In 2019 and 2020 QFF provided submissions on the 2020-2024 QCA irrigation price investigation, which was comprehensive, and detailed, on the inequities, lack of transparency and consultation on water pricing in Queensland. The priority items for Queensland irrigators will always be sustainability, affordability and reliability. QFF's previous submissions outlined:¹

- Dam safety upgrades
- Cost of the QCA review

¹ [20191104-QFF-Submission-to-QCA-re-irrigation-price-investigation-2020-24-WEB.pdf](#)
[20022801-QCA-Rural-Price-Investigation-Submission.pdf \(qff.org.au\)](#)

- Electricity
- Consultation and transparency
- Revenue and cost risks
- Insurance costs
- Access to charges
- Approach to pricing

Key Concerns

1) Dam safety upgrades

- a. QFF does not support including dam improvement costs in the water pricing pathway. DIP is a community cost, driven by government requirement.
- b. QFF recommends that both government and community pay for DIP as a permanent policy in the water pricing framework.

2) Insurance costs

- a. QFF questions whether the insurance costs have been reviewed correctly and strongly recommends QCA reviews insurance costs with the reduction in asset base taken into consideration.
- b. Since the last irrigation price review, insurance costs have risen by 30%, (which is a third of water pricing costs).

3) Cost of review

- a. QFF recommends that the Queensland Government questions the economic costings of the QCA's involvement in this process, when they do not have an authority to respond or act on any issues raised by stakeholders.
- b. QFF recommends a longer period between pricing reviews to give businesses greater surety on pricing and reduce costs paid to the QCA for pricing reviews, which in effect would contribute to lower prices for all stakeholders.
- c. QFF recommends that if the QCA review costs are to continue, then the cost of the review be across all water allocation entitlements (WAE) not just irrigation WAE.

4) Reviews during price path (revenue and cost risks)

- a. QFF does not support reviews during the price path. Mechanisms already exist to manage interim cost risks intra-review period, with the exception outlined below.

Summary

Since the last QCA price path in 2020, QFF's extensive advocacy has seen a change to policy to reduce above lower bound prices to the cost reflective level. This is an incredible change to water pricing, and that through detailed evidence-based data by QFF, policy can be amended that can change the livelihoods of our farmers. QFF collaborated with utility providers, the Department of Manufacturing

and Water and Treasury, to implement change, not the QCA, which is seen by irrigators as unnecessary costs in the irrigation pricing process when real change cannot be done.

With affordability being the key factor for any business to remain viable, the QCA are still utilising an outdated pricing framework which requires an overhaul. One of the key objectives of the government's water pricing policy is that prices should increase gradually until they reach a cost-reflective level. To simplify the terms, the level of cost recovery that underpins the pricing framework outlined in the QCA report is referred to as 'the lower bound cost target.' However, although the lower bound prices are referred to as being 'cost-reflective' they still involve subsidies from the taxpayer, as the water businesses are apparently not earning a return on or recovering the costs of the initial investment in the existing assets.

Food security and the cost of living are at the forefront of every conversation, and as part of this pricing review QFF recommends that 15% reduction in pricing across every scheme is implemented. The current price path saw a minimum 15% reduction across all irrigation Sunwater and Seqwater irrigation schemes provided by the Queensland Government, however, most did not see a discount initially with the QCA set price increases ruling out the discount. The Queensland Government were made aware of this inequity by QFF and set a price freeze for all schemes and introduced the discount to provide some price relief.

Inequitable pricing still requires a full investigation, and for the Queensland Government to acknowledge the impact of direct flow on costs from pricing components such as QCA pricing review costs, insurances and increase of electricity for irrigators for pumping costs.

Pricing

In the current pricing review Sunwater has nominated its option over looking at implementing an alternative pricing structure, known as the regulated asset base (RAB). There is concern that the RAB will include a WACC, which is a commercial instrument to determine a commercial rate of return. This under normal operating circumstances, would be suitable if SunWater were competing with private enterprise to ensure competitive neutrality and so they would not have an unfair advantage over private enterprise. In this instance, because a rate of return goes against the cost price or lower bound pricing principles the only interest that irrigators should pay is actual interest paid, with zero rate of return. If SunWater were to source funds from QTC, for example 3%, then that's what the WACC should be. The WACC and tax payments both constitute a rate of return to government and do not reflect what constitutes Lower Bound Pricing.

The QCA needs to find a reliable methodology for an electricity pass through and insist that this extra year (2023-2024) that was added to the price path is also included as it is a substantial overflow in some schemes.

In reference to the costs outplayed to the QCA to conduct this investigation, QFF suggests that if the excessive costs for these price paths are to continue that we see that the price path is conducted every 5 years as opposed to the current shift of every 4 years.

Consultation

QFF has long advocated on behalf of our members for a stronger relationship, greater transparency, accountability and a solutions orientated delivery on water pricing in Queensland. In a big step forward, QFF has facilitated a joint Consultative Committee with Sunwater to ensure our members can be involved and have input into the price path negotiations.

Over the past four years, QFF have extensively advocated for greater transparency, and consultation, which has been near to non-existent prior to the current price path. QFF as part of this price path would like to acknowledge Sunwater and Seqwater for their efforts in becoming a visible part of water discussions with QFF's members. Ongoing consultation direct with irrigators has strengthened regional relationships between irrigators and utility providers to enable transparent discussions.

Through QFF's extensive advocacy work, initiated a committee with members and Sunwater to provide a transparent avenue for discussions to on all matters relating to water. As a result of direct discussions with Sunwater, QFF and Sunwater set up a Consultative Committee to discuss all aspects of water pricing from the ground up and will continue after this price path to keep ongoing discussions on all aspects to Sunwater's service delivery of water.

The Consultative Committee provides QFF and its members to have direct engagement and a full understanding of the development of Sunwater's proposal prior to going to the QCA. This committee has allowed QFF and its members to be more engaged and compared to previous price paths where there was limited engagement, we now have a more transparent engagement pathway that has given QFF and its members more value throughout the price path process, which did not exist prior to the establishment of this committee.

From this Consultative Committee, Sunwater has provided clear, detailed and transparent conversations, which were open and honest discussions on how Sunwater prices water, and the various components that go into the pricing framework.

Conclusion

Addressing water pricing challenges in Queensland requires ongoing discussions, which QFF will continue to undertake with utility providers. In summation, from all reports presented there is yet to be more work undertaken on water pricing for irrigators, including the excessive pricing costs for the QCA's reporting process.

There continues to be, misaligned laws, and misinterpretation of what the QCA irrigation price investigation is for. Is it to help manage our state to move forward to become a stronger economic state, or one that will be in the future dependent on federally funded handouts to prop up an ailing system that was not there to support its natural resources, industry and food security? The reliability of water is a constant worry for our regional areas, and now to add to a very fragile industry, the reliability of a fair and equitable pricing framework is now also on the line.

Through QFF's work with Sunwater over the past twelve months, QFF's stakeholders were provided with transparent access to pricing, and extensive direct consultation in all regions in Queensland, which is a first for QFF and its members. QFF would like to formally acknowledge the work that has

been done to ensure all irrigators in Queensland have had the opportunity to have a say in the consultation process and for bringing QCA to the discussions.

QFF considers it to be inappropriate for the QCA to continue to determine unsustainable water prices for the agricultural sector without a coherent policy approach to address the issues, otherwise Queensland will continue to experience a fast decline in our regional and rural areas, risking the future viability of the intensive and irrigated agricultural sector in the state.

If you have any queries about this submission, please do not hesitate to contact Ms Sharon McIntosh at sharon@qff.org.au.

Yours sincerely

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Queensland Farmers' Federation.



This submission is provided by the Queensland Farmers' Federation

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