



ACCC Decision

The classification of Sunwater Limited under Part 6 of the Water Charge Rules 2010

Date: 27 October 2021

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1. Decision

The ACCC has formed the view that Sunwater Limited (Sunwater) is a Part 6 operator within the meaning of the *Water Charge Rules 2010* (WCR).

This is on the basis that Sunwater is an infrastructure operator for the Chinchilla Weir, Cunnamulla, Macintyre Brook, Maranoa River, St George and Upper Condamine Water Supply Schemes (WSS) that, in accordance with rule 23 of the WCR:

- is not required to have all of its infrastructure charges determined or approved by a single State Agency under a law of a State in a way that is consistent with subrule 29(2)(b) of the WCR; and
- levies an infrastructure charge in relation to a bulk water service in respect of water access rights.

The ACCC will proceed in accordance with rule 23C of the WCR to decide whether to exempt Sunwater from the operation of divisions 2, 3 and 4 of Part 6 of the WCR.¹

2. Introduction

Sunwater is Queensland's largest bulk water service provider. It owns and operates water infrastructure assets with a replacement value of around \$13 billion and supplies approximately 40 per cent of all water used commercially in Queensland.² Its network of water supply infrastructure supports mining, power generation, industry, urban development and irrigated agriculture throughout rural and regional Queensland. It is a Government Owned Corporation and a registered water service provider under the Water Act 2000 (Qld). Within the Murray-Darling Basin, it operates water service infrastructure including a number of water supply schemes.

2.1. Water Supply Schemes operated by Sunwater in the Murray-Darling Basin

Chinchilla Weir Water Supply Scheme

Chinchilla Weir was built in 1973 and is located on the Condamine River.³ It is the sole storage in the Chinchilla Weir WSS and has a full supply volume of 9,780 megalitres (ML) and a minimum operating volume of 120 ML.⁴ Chinchilla Weir provides water for a range of irrigated agriculture.

Cunnamulla Water Supply Scheme

The Cunnamulla WSS sources its water from the Allan Tannock Weir for irrigation and urban water supply. The weir was built on the Warrego River in 1991 and has a storage capacity of

¹ Subrule 23B(e) requires the ACCC if it is of the view that the operator is or will be a Part 6 operator, to advise the operator that the ACCC will decide whether the operator should be granted an exemption under rule 23C.

² [Sunwater: Irrigation Price Review Submission, 1 July 2020 to 30 June 2024](#), 2018. Accessed 30 September 2021.

³ Sunwater, [Chinchilla Weir Scheme](#), 2019. Accessed 1 June 2021.

⁴ Queensland Department of Natural Resources, Mines and Energy, [Chinchilla Regional Water Supply Security Assessment](#), 2018. Accessed 7 May 2021.

4,770 ML. It serves fewer than 30 bulk water customers, mostly farmers growing grapes and fodder crops.⁵

Macintyre Brook Water Supply Scheme

The main storage in the Macintyre Brook WSS is the Coolmunda Dam. The dam became operational in 1968. The scheme services water users along the Macintyre Brook and beyond Goondiwindi. Other storages include the Ben Dor, Greenup and Whetstone weirs.⁶

Maranoa River Water Supply Scheme

The Maranoa WSS is centred in the town of Mitchell. The Neil Turner Weir, built in 1984, is its major supply infrastructure and was designed to supply town water and irrigation.⁷

St George Water Supply Scheme

The St George WSS draws its water from Jack Taylor Weir, built in 1953, and Beardmore Dam, completed in 1972. Two other weirs, the Moolabah and Buckinbah, are located on the Thuraggi Watercourse. The scheme provides irrigation, urban and industrial water supply to users in St George, about 550 km west of Brisbane. From 1 July 2018, Local Management Entity Mallowa Irrigation took over ownership and management of the irrigation channel distribution network, with Sunwater continuing to own and operate the bulk water assets, including Beardmore Dam and Jack Taylor Weir.⁸

Upper Condamine Water Supply Scheme

The Upper Condamine WSS supplies town water for Warwick (about 160km south-west of Brisbane), as well as for Cecil Plains, and also underpins irrigation on the Darling Downs. The scheme services about 100 bulk customers that use irrigation to grow a variety of crops. Leslie Dam (completed in 1965) is the main water storage for the scheme. Water from Leslie Dam is released to supplement natural flows in the Upper Condamine River system to supply irrigators. Four weirs operate in the scheme downstream of Leslie Dam including Talgai Weir, Yarramalong Weir, Lemon Tree Weir and Cecil Plains Weir.⁹

2.2. Legal framework

The *Water Charge Amendment Rules 2019*¹⁰ (the amending rules) amended and combined the *Water Charge (Infrastructure) Rules 2010* (WCIR), *Water Charge (Termination Fees) Rules 2009* and *Water Charge (Planning and Management Information) Rules 2010* into a single set of rules—the WCR which came into effect on 1 July 2020.

The WCR are made under section 92 of the *Water Act 2007* (Cth) (the Water Act) and apply in Basin states in accordance with Part 4 of the Water Act.

Pursuant to subsections 91(2) and 91(3) of the Water Act, the WCR:

⁵ Sunwater, [Cunnamulla Scheme](#), 2019. Accessed 7 May 2021.

⁶ Sunwater, [Macintyre Brook Scheme](#), 2019. Accessed 7 May 2021.

⁷ Sunwater, [Maranoa Scheme](#), 2019. Accessed 7 May 2021.

⁸ Sunwater, [St George Scheme](#), 2019. Accessed 7 May 2021.

⁹ Sunwater, [Upper Condamine Scheme](#), 2019. Accessed 7 May 2021.

¹⁰ Available at: <https://www.legislation.gov.au/Details/F2019L00521>

- only relate to Basin water resources¹¹
- do not apply to urban water supply activities beyond the point at which the water has been removed from a Basin water resource.

2.2.1. Test to determine Part 6 classification under the current Water Charge Rules 2010

The test to determine whether an infrastructure operator is a 'Part 6 operator' is different under the current WCR compared to the former WCIR.

Part 6 of the WCR is designed to hand back regulatory responsibility for Part 6 infrastructure operators to Basin states under Basin State laws, where Basin State regulatory approaches ensure that relevant infrastructure operators' costs are prudent and efficient and infrastructure charges are set at levels that would not allow the operator to earn monopoly returns.¹²

Rule 23 of the WCR provides that:

*An infrastructure operator is a **Part 6 operator** if:*

- (a) the operator is not required to have all its infrastructure charges determined or approved by a single State Agency under a law of the State in a way that is consistent with paragraph 29(2)(b); and*
- (b) the operator levies an infrastructure charge in relation to either:*
 - (i) a bulk water service¹³ in respect of water access rights; or*
 - (ii) infrastructure services in relation to the storage or delivery of water that is necessary to give effect to an arrangement for the sharing of water between more than one Basin State.*

Note: Subparagraph (b)(i) would not normally apply to an off-river infrastructure operator.

Subrule 29(2)(b) relates to the ACCC's consideration of whether infrastructure charges levied by an infrastructure operator are reasonably likely to meet, but not materially exceed, the prudent and efficient costs of providing the infrastructure service.

If an infrastructure operator is a Part 6 operator under the WCR, its infrastructure charges will be determined or approved by the ACCC under Part 6 of the WCR (unless the ACCC grants the operator an exemption from the operation of the requirements in division 2, 3 and 4 of Part 6).

If the infrastructure operator is not a Part 6 operator under the WCR (or the ACCC has granted the operator an exemption from its Part 6 obligations) then the operator's infrastructure charges are set under State law.

¹¹ Section 4 of the Water Act provides that **Basin water resources** means all water resources within, or beneath, the Murray-Darling Basin, but does not include: (a) water resources within, or beneath, the Murray-Darling Basin that are prescribed by the regulations for the purposes of this paragraph; or (b) ground water that forms part of the Great Artesian Basin.

¹² Replacement Explanatory Memorandum, *Water Charge Amendment Rules 2019*. Accessed at: <https://www.legislation.gov.au/Details/F2019L00521/Replacement%20Explanatory%20Statement/Text>

¹³ A bulk water service is a service for the storage and/or delivery of water that is primarily on-river (see regulation 1.03 of the *Water Regulations 2008 (Cth)*).

2.3. Sunwater has notified the ACCC that it is a Part 6 operator – the ACCC must form a view as to whether Sunwater is a Part 6 operator

Rule 23A of the WCR requires that if an infrastructure operator becomes aware that it has become a Part 6 operator, or of a matter that may result in it becoming a Part 6 operator within the meaning of rule 23 on a specified date, then it must notify the ACCC of that fact, or that matter, as soon as practicable after becoming so aware.

On 1 July 2020, Sunwater notified the ACCC under rule 23A that it considered that it had become a Part 6 operator (see **Attachment A**).

As Sunwater has notified the ACCC under Rule 23A that it considers itself to be a Part 6 operator, rule 23B of the WCR provides that the ACCC must:

- form a view as to whether Sunwater is a Part 6 operator, or will become a Part 6 operator from a specified date; and
- notify Sunwater of the ACCC's view, and
- if the ACCC is of the view that Sunwater is, or will be a Part 6 operator – advise Sunwater that it will decide whether Sunwater should be granted an exemption from its Part 6 obligations under Rule 23C.

3. Consultation

The ACCC conducted a 2 week public consultation, publishing information on its website and seeking submissions on whether Sunwater is a Part 6 operator within the meaning of the WCR via the ACCC consultation hub from 15 September 2021 to 29 September 2021. No submissions were received in response to this consultation.

4. Reasons for ACCC decision

The ACCC has formed the view that Sunwater is a Part 6 operator within the meaning of rule 23 of the WCR. This is on the basis that Sunwater is an infrastructure operator that:

- is not required to have all of its infrastructure charges determined or approved by a single State Agency under the law of a State in a way that is consistent with subrule 29(2)(b) of the WCR. In this respect, Sunwater's infrastructure charges are set by a direction issued by its 'shareholding Ministers'; and
- levies infrastructure charges in the Basin in relation to bulk water services in respect of water access rights (in relation to the Chinchilla Weir, Cunnamulla, Macintyre Brook, St George and Upper Condamine bulk WSS).

The detailed reasons for the ACCC's decision that Sunwater is a Part 6 operator are set out below. The information provided by Sunwater and considered by the ACCC in making this decision is set out in Attachments A and B.

4.1. Sunwater is an infrastructure operator

Under section 7 of the Water Act, an infrastructure operator is a person that owns or operates infrastructure for one or more of the following purposes:

- (a) *the storage of water*

(b) the delivery of water

(c) the drainage of water;

for the purpose of providing a service to someone who does not own or operate the infrastructure.

In its notification letter (**Attachment A**), Sunwater states that it levies infrastructure charges (specifically 'bulk water charges') 'for bulk water services it provides to customers who hold water allocations in the [Chinchilla Weir, Cunnamulla, Macintyre Brook, St George and Upper Condamine] schemes.'

As it owns and operates this infrastructure for the purpose of delivering and/or storing water for customers in these schemes who do not own or operate that infrastructure, the ACCC considers that Sunwater is an infrastructure operator.

4.2. Sunwater is not required to have its infrastructure charges determined or approved by a single State Agency

The ACCC accepts Sunwater's submission that the infrastructure charges it levies for its bulk water services in the Murray-Darling Basin are not set by a single State Agency.

Under rule 3 of the WCR, a 'State Agency' means an 'agency of the State within the meaning of paragraph (c) of the definition of agency of a State in the [Water] Act', namely 'a body (whether incorporated or not) established or appointed for a public purpose by or under a law of the State (including a local government body)'.¹⁴

With respect to the criterion in subrule 23(a), Sunwater has stated:

Rural irrigation water prices are determined by Sunwater's shareholding Ministers and are generally based on recommendations from the Queensland Competition Authority (QCA). Sunwater receives a direction from our shareholding Ministers, pursuant to section 999 of the Water Act 2000 (Qld), on the rural irrigation water prices we must apply during a specified period.

While Sunwater's infrastructure charges are generally based on recommendations from the QCA, the QCA does not set the level of these charges, it merely advises. These charges are set by Sunwater's 'shareholding Ministers' who give a direction on the rural irrigation water prices that must apply during a specified period, pursuant to section 999 of the *Water Act 2000* (Qld). Section 999(1) relevantly provides that that 'the Minister and Treasurer may give the corporatised entity a written joint direction' if satisfied of certain matters.¹⁵

As such, Sunwater's infrastructure charges are not set by a single State Agency within the meaning of paragraph (c) of the definition of 'agency' in section 4(1) of the *Water Act*, in circumstances where s 999(1) does not appear to establish or appoint a body for a public purpose, but rather gives a statutory discretion that may be exercised by the Minister and Treasurer.

As the infrastructure charges levied by Sunwater in relation to its Murray-Darling Basin WSS are not determined by a single State Agency, subrule 23(a) of the WCR is already satisfied,

¹⁴ Section 4(1) of the *Water Act*.

¹⁵ The ACCC has been provided with a copy of the *Sunwater Rural Water Pricing Direction Notice (No. 1) 2020* made under s 999 of the *Water Act 2000* (QLD), and based on that, is satisfied that Sunwater is 'the corporatised entity' for the purposes of s 999, given the Notice is in fact directed to Sunwater. The notice is at attachment C.

so it is unnecessary to consider the balance of that subrule, namely whether these charges are set in a way that is consistent with subrule 29(2)(b) of the WCR.

4.3. Sunwater levies an infrastructure charge in relation to a bulk water service in respect of water access rights

4.3.1. Sunwater levies an infrastructure charge

Under rule 3 of the WCR, an 'infrastructure charge' relevantly includes a charge of a kind referred to in subsection 91(1)(b) of the Water Act, being 'bulk water charges'. A 'bulk water charge' is defined in section 4(1) of the Water Act to mean:

a charge payable for either or both the storage of water for, or the delivery of water to, any of the following:

- (a) infrastructure operators;*
- (b) other operators of reticulated water systems;*
- (c) other persons prescribed by the regulations for the purposes of this paragraph.*

Relevantly, for the purposes of subsection (c), regulation 1.05A(1) of the *Water Regulations 2008* (Regulations) provides:

(1) A person is prescribed for paragraph (c) of the definition of bulk water charge in subsection 4(1) of the Act if:

(a) the person diverts water directly from a watercourse for the person's use, including for one of the following purposes:

- (i) agricultural purposes;*
- (ii) industrial purposes;*
- (iii) irrigation;*
- (iv) stock and domestic water use; and*

(b) the water is made available through a bulk water service.

A 'bulk water service' is a service that is provided for the storage of water that is primarily stored on-river, or a service that is provided for the delivery of water that is primarily delivered on-river.¹⁶

Having regard to the above, the ACCC considers, first, that Sunwater provides the following services, and that these are 'bulk water services', because Sunwater has advised that the services relate to the storage or delivery of water that is primarily on-river (see **Attachment B**):¹⁷

- Chinchilla Weir WSS – it provides an on-river storage service at Chinchilla weir and delivers water to customers via the Condamine River watercourse¹⁸

¹⁶ Regulation 1.03 of the *Water Regulations 2008* (Cth).

¹⁷ Sunwater noted that although it owns and operates the Maranoa River Water Supply Scheme it did not levy charges on the four customers in this scheme due to access issues arising from high levels of siltation in the Neil Turner Weir.

¹⁸ Sunwater, [Chinchilla Weir Scheme](#), 2019. Accessed 15 July 2020.

- Cunnamulla WSS – it provides an on-river storage service at Alan Tannock Weir and delivers water to customers via the Warrego River watercourse¹⁹
- Macintyre Brook WSS – it operates on-river storage services at Coolmunda Dam, Whetstone Weir and Ben Dor Weir and delivers water to irrigation customers via the Macintyre Brook watercourse²⁰
- St George WSS – it operates on-river storage at Beardmore Dam and Jack Taylor Weir, and water is delivered via the Balonne River and the first 400 metres of the Thuraggi Watercourse.
- Upper Condamine WSS – it operates on-river storage services at Leslie Dam, and Talgai Weir, Yarramalong Weir, Lemon Tree Weir and Cecil Plains Weir and water is delivered via the Condamine watercourse.²¹

Further, Sunwater levies charges, which are specified in the Sunwater Rural Water Pricing Direction Notice (No. 1) 2020 (**Attachment C**), for these ‘bulk water services’ which are comprised of:

- a Part A charge – this is a fixed charge payable per megalitre (ML) of ‘water allocation’ (which relate to taking water).²²
- a Part B charge – this is a volumetric charge payable per ML of ‘water taken’.

These charges are levied on customers that receive an irrigation service from Sunwater²³

Second, in these circumstances, given the charges described above are payable for either or both the storage of water for, or the delivery of water to a person referred to in regulation 1.05A(1)(a) of the Regulations (given their customers include irrigators), and made available through a bulk water service, the ACCC considers that the charges are ‘infrastructure charges’ within the meaning of paragraph (c) of the definition of ‘bulk water charge’ in section 4(1) of the Water Act.

4.3.2. Sunwater levies an infrastructure charge ‘in relation to’ a bulk water service ‘in respect’ of water access rights

First, as outlined above, because Sunwater’s infrastructure charges are levied for bulk water services, the ACCC considers they are levied ‘in relation to’ a bulk water service.

Second, the ACCC considers that an infrastructure charge will be levied in relation to a bulk water service ‘in respect of’ a water access right, where there is a sufficiently material connection between the charges and a customer’s water access rights, such as where charges are determined by reference to water access rights.

Section 4(1)(a) of the Water Act defines a ‘water access right’ to mean ‘any right conferred by or under a law of a State to do either or both of the following: (i) to hold water from a

¹⁹ Sunwater, [Cunnamulla Scheme](#), 2019. Accessed 15 July 2020.

²⁰ Sunwater, [Macintyre Brook Scheme](#), 2019. Accessed 15 July 2020.

²¹ Sunwater, [Upper Condamine Scheme](#), 2019. Accessed 15 July 2020.

²² See Part 3, division 4 of the *Water Act 2000* (Qld).

²³ Chinchilla Weir Water Supply Scheme, Fees and charges schedule – effective 1 July 2021, see: https://www.sunwater.com.au/wp-content/uploads/Home/Customer/Fees-Charges/Chinchilla_Weir_Water_Supply_Scheme_Fees_and_Charges_2021-2022.pdf. Accessed 30 September 2021.

water resource; (ii) to take water from a water resource', which relevantly includes a 'water access entitlement' and a 'water allocation'.²⁴

Section 4(1) of the Water Act then defines a 'water access entitlement' as 'a perpetual or ongoing entitlement, by or under a law of a State, to exclusive access to a share of the water resources of a water resource plan area'. A water allocation means 'the specific volume of water allocated to water access entitlements in a given water accounting period'.

In this case, given Sunwater's charges are based on either 'water allocations' or 'water taken' (both of which fall within the definition of a 'water access right'), the ACCC considers that Sunwater's charges are infrastructure charges in relation to a bulk water service 'in respect of' water access rights.

Accordingly, the ACCC ultimately considers Sunwater levies an infrastructure charge in relation to a bulk water service in respect of water access rights, satisfying subrule 23(b)(i) of the WCR.

5. Conclusion

The ACCC has formed the view that Sunwater Limited (Sunwater) is a Part 6 operator within the meaning of the *Water Charge Rules 2010* (WCR).

This is on the basis that Sunwater is an infrastructure operator for the Chinchilla Weir, Cunnamulla, Macintyre Brook, Maranoa River, St George and Upper Condamine Water Supply Schemes (WSS) that, in accordance with rule 23 of the WCR:

- is not required to have all of its infrastructure charges determined or approved by a single State Agency under a law of a State in a way that is consistent with subrule 29(2)(b) of the WCR; and
- levies an infrastructure charge in relation to a bulk water service in respect of water access rights.

Having formed that view, the ACCC will, under rule 23C of the WCR, proceed to decide whether to exempt Sunwater from the operation of divisions 2, 3 and 4 of Part 6 of the WCR, having regard to the matters set out in that rule. If the ACCC does not grant an exemption, the ACCC will regulate Sunwater's infrastructure charges under Part 6 of the WCR.

Under subrule 23C(9), if the ACCC relevantly fails to make a decision as to whether to exempt Sunwater under rule 23C within 3 months of giving notice of this decision, the ACCC will be taken to have decided to grant Sunwater an exemption from the operation of Part 6 of the WCR.

²⁴ Section 4(1) of the Water Act.

Attachment A - Sunwater notification letter - 1 July 2020



Contact: Courtney Chester
Direct line: (07) 3120 0095
Our ref: 2551628
Your ref:

1 July 2020

Tina Pigliardo
Director, Water Section, Specialised Enforcement and Advocacy Division
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear Ms Pigliardo

In accordance with rule 23A of the *Water Charge Rules 2010 (Cth)* (the Rules), I am writing to notify you that Sunwater Limited (Sunwater) has become a Part 6 operator for the following bulk water supply schemes located in the Murray-Darling Basin:

- Chinchilla Weir
- Cunnamulla
- Macintyre Brook
- Maranoa River
- St George
- Upper Condamine.

Under rule 23 of the Rules, an infrastructure operator is a Part 6 operator if:

- the operator is not required to have all its infrastructure charges determined or approved by a single State Agency under a law of the State in a way that is consistent with paragraph 29(2)(b) [of the Rules]; and*
- the operator levies an infrastructure charge in relation to either:*
 - a bulk water service in respect of water access rights; or*
 - infrastructure services in relation to the storage or delivery of water that is necessary to give effect to an arrangement for the sharing of water between more than one Basin State.*

In relation to paragraph 23(a), Sunwater's infrastructures charges are not currently determined or approved by a single State Agency.¹

Rural irrigation water prices are determined by Sunwater's shareholding Ministers and are generally based on recommendations from the Queensland Competition Authority (QCA).² Sunwater receives a direction from our shareholding Ministers, pursuant to section 999 of the *Water Act 2000 (Qld)*, on the rural irrigation water prices we must apply during a specified period. The current direction for 2020/21 is attached for your reference.

Prices for urban and industrial customers are set by contractual negotiation, in accordance with Sunwater's commercial charter. Other charges, such as disconnection fees and metering-related charges, are also set by Sunwater.

¹ A body (whether incorporated or not) established or appointed for a public purpose by or under a law of the State (including a local government body).

² On 29 October 2018, the Treasurer of Queensland, under section 23 of the *Queensland Competition Authority Act 1997*, referred the monopoly business activities of Sunwater (to the extent they apply to irrigation services as defined in the *Water Act 2000*) to the QCA for an investigation about pricing practices relating to those activities. The QCA's final report on its irrigation price investigation for the 2020–2024 period is available at: www.qca.org.au/project/rural-water/irrigation-price-investigations/

With respect to paragraph 23(b), Sunwater levies infrastructure charges (specifically 'bulk water charges') for bulk water services provided to customers who hold water allocations in the above schemes. These bulk water charges are comprised of:

- a fixed tariff (Part A)—charged according to the water allocations held by the customer
- a volumetric tariff (Part B)—charged per megalitre of water taken by the customer, measured at the water meter or 'offtake'.

We also levy other charges in the Murray-Darling Basin schemes which may meet the definition of an infrastructure charge. These charges are set out in the relevant scheme's schedule of charges published on the Sunwater website at www.sunwater.com.au/customer/fees-and-charges/.

It is important to note that while Sunwater owns and operates the Maranoa River bulk water supply scheme in the Murray-Darling Basin, we do not currently levy charges on the four irrigation customers in this scheme. This is due to access issues arising from high levels of siltation in the Neil Turner Weir.

If you require clarification of any aspect of this notification, please contact Courtney Chester, Regulatory & Pricing Lead, on (07) 3120 0095.

Yours sincerely



Lisa Dalton
Interim Chief Executive Officer
Encl.

Cc:

Trevor Dan, Director – Economics and Governance, Water Supply Business Unit, Natural Resources Division,
Department of Natural Resources, Mines and Energy

Leo Lovius, Senior Analyst, Specialised Enforcement and Advocacy Division, Australian Competition and Consumer
Commission

Natasha Shirvill, Specialised Enforcement and Advocacy Division, Australian Competition and Consumer Commission

address Green Square North, Level 9,
515 St Pauls Terrace, Fortitude Valley, Queensland 4006
post PO Box 15536, City East, Queensland 4002

sunwater.com.au

telephone +61 7 3120 0000 **facsimile** +61 7 3120 0260
email info@sunwater.com.au
ACN 131 034 985

Attachment B - Sunwater Rural Water Pricing Direction Notice (No. 1) 2020 under the Water Act 2000 (Qld) (s 999, Water Act 2000 (Qld))

Water Act 2000 (Section 999)

SUNWATER RURAL WATER PRICING DIRECTION NOTICE (No. 1) 2020

Summary

1. This notice may be cited as the *Sunwater Rural Water Pricing Direction Notice (No. 1) 2020*.
2. Sunwater Limited ACN 131 034 985 (Sunwater) is directed to comply with this notice when charging rural irrigation water prices for the specified tariff groups for all Sunwater bulk water supply schemes and distribution systems for 2020-21.
3. Sunwater is also directed to comply with this notice in relation to charging for supplemented water allocations purchased and held by the Commonwealth Environmental Water Holder in Sunwater bulk water supply schemes.
4. Rural irrigation water prices apply only in relation to an irrigation service as defined in the *Water Act 2000*. An irrigation service is defined in Schedule 4 of the *Water Act 2000* as the supply of water or drainage services for irrigation of crops or pastures for commercial gain.
5. The term “water entitlement” used in this direction has the meaning given to it under Schedule 4 of the *Water Act 2000*, i.e. a water allocation, interim water allocation or water licence.

Prices for Sunwater bulk water supply schemes and distribution systems

Bulk water supply schemes

6. With the exception of prices for those tariff groups for local management supply identified in paragraph 7, the rural irrigation water prices for Sunwater bulk water supply scheme tariff groups (where customers pay only Part A and Part B prices) are set out in Schedule 1¹.
7. The rural irrigation water prices for tariff groups for local management supply are set out in Schedule 2². These prices apply to:
 - a. customers of a local customer owned company or co-operative operating a distribution system (where customers pay only Part A and Part B prices for bulk water); and
 - b. a local customer owned company or co-operative operating a distribution system.

¹ These prices are based on the lower of the price set for 2019-20 under the *SunWater Rural Water Pricing Direction Notice (No.1) 2019*, or the 2020-21 price (excluding any allowance for dam safety costs) recommended by the Queensland Competition Authority in Table 81 of Appendix A of its Final Report: Rural irrigation price review 2020-2024, Part B: Sunwater, available at: <https://www.qca.org.au/project/rural-water/irrigation-price-investigations/>.

² These prices are based on the lower of the price set for 2019-20 under the *SunWater Rural Water Pricing Direction Notice (No.1) 2019*, or the 2020-21 price (excluding any allowance for dam safety costs) recommended by the Queensland Competition Authority in Table 81 of Appendix A of its Final Report: Rural irrigation price review 2020-2024, Part B: Sunwater, available at: <https://www.qca.org.au/project/rural-water/irrigation-price-investigations/>.

Distribution systems

8. The rural irrigation water prices for Sunwater distribution system tariff groups (where customers pay Part A, Part B, Part C and Part D prices) are set out in Schedule 3³.

Pricing arrangement for the Commonwealth Environmental Water Holder

9. For all supplemented water allocations purchased and held by the Commonwealth Environmental Water Holder, Sunwater must charge the prices specified in paragraph 6.

Termination fees

10. The rural irrigation termination fees for Sunwater are set out in Schedule 4⁴.
11. The rural irrigation termination fees specified in paragraph 10 are the maximum Sunwater can charge. Sunwater may decide to charge a fee that is lower than the rural irrigation termination fee specified in paragraph 10.

Drainage charges

12. The drainage charge for the Burdekin Haughton distribution system is as prescribed under Schedule 16 of the *Water Regulation 2016*.

Drainage diversion charges

13. The drainage diversion charge for the Burdekin Haughton distribution system is \$175.64 per installation⁵.

Water harvesting charges

14. The water harvesting charges for the Burdekin Haughton distribution system are:
 - a. the volumetric Part D prices as specified under paragraph 8; and
 - b. a lease fee if set by Sunwater and determined in the market⁶.

³ These prices are based on the lower of the price set for 2019-20 under the *SunWater Rural Water Pricing Direction Notice (No.1) 2019*, or the 2020-21 price (excluding any allowance for dam safety costs) recommended by the Queensland Competition Authority in Table 82 of Appendix A of its Final Report: Rural irrigation price review 2020-2024, Part B: Sunwater, available at: <https://www.qca.org.au/project/rural-water/irrigation-price-investigations/>

⁴ The termination fees are as recommended by the Queensland Competition Authority for 2020-21 in Table 77 of its Final Report: Rural irrigation price review 2020-2024, Part B: Sunwater, available at: <https://www.qca.org.au/project/rural-water/irrigation-price-investigations/>.

⁵ The drainage diversion charge is the 2016-17 charge recommended by the Queensland Competition Authority in Table 7.51 of its Final Report: SunWater Irrigation Price Review: 2012-2017, available at: <https://www.qca.org.au/project/rural-water/sunwater-irrigation-prices/irrigation-prices-2012-17/>, escalated by the Queensland Competition Authority's then measure of inflation (2.5%) for three years to 2019-20, then escalated by the Queensland Competition Authority's updated measure of inflation (2.24%) for a year. This calculation is consistent with Recommendation 13 by the Queensland Competition Authority on page 158 of its Final Report: Rural irrigation price review 2020-2024, Part B: Sunwater, available at: <https://www.qca.org.au/project/rural-water/irrigation-price-investigations/>. Under Recommendation 13 for 2020-21, the 2019-20 drainage charge should be increased by the Queensland Competition Authority's measure of inflation.

⁶ The water harvesting charge for the Burdekin-Haughton Distribution System is based on Recommendation 14 by the Queensland Competition Authority on page 159 of its Final Report: Rural irrigation price review 2020-2024, Part B: Sunwater, available at: <https://www.qca.org.au/project/rural-water/irrigation-price-investigations/>.

Duration of the notice

15. The requirements of the *Sunwater Rural Water Pricing Direction Notice (No. 1) 2020* apply to Sunwater until 30 June 2021 unless the direction is amended, replaced or rescinded.

Schedule 1 Bulk water supply scheme rural irrigation water prices (excluding tariff groups for local management supply)

Tariff group	Fixed (Part A) (\$ per megalitre payable on total volume of water entitlement)	Volumetric (Part B) (\$ per megalitre payable on volume of water entitlement used)
Barker Barambah - River	25.93	4.26
Barker Barambah - Redgate Relift	25.93	22.56
Bowen Broken Rivers	12.50	6.95
Boyne River and Tarong	28.58	1.77
Bundaberg	13.06	1.01
Burdekin Haughton	12.71	0.33
Callide - Callide and Kroombit Creek	18.50	8.84
Callide - Benefited Groundwater Area	18.50	8.84
Chinchilla Weir	30.17	3.45
Cunnamulla	31.75	1.94
Dawson Valley - River (medium priority) ⁷	16.18	1.62
Dawson Valley - River (high priority)	16.18	1.62
Eton (high B priority) ⁸	31.36	4.05
Lower Fitzroy	13.55	0.99
Lower Mary - Mary Barrage	15.10	0.86
Lower Mary - Tinana & Teddington	24.83	9.51
Macintyre Brook	48.62	4.11
Maranoa River	53.17	65.01
Mareeba-Dimbulah - Access Charge (\$/customer)	687.77	
Mareeba-Dimbulah - River Tinaroo/Barron	15.87	0.59
Nogoa Mackenzie (medium priority)	12.22	0.84
Nogoa Mackenzie (high priority)	28.88	0.84
Pioneer River	14.81	3.13
Proserpine River	13.26	3.02
Proserpine River - Kelsey Creek Water Board	12.14	3.02
St George (medium priority) ⁹	21.91	1.09
Three Moon Creek ¹⁰	23.58	4.78
Upper Burnett - Regulated Section of the Nogo/Burnett River	30.58	4.08
Upper Burnett - John Goleby Weir	28.96	4.08
Upper Condamine - Sandy Creek or Condamine River	34.03	5.57
Upper Condamine - North Branch	47.64	15.19
Upper Condamine - North Branch - Risk A	13.44	15.19

⁷ This tariff group merges the former tariff groups of Dawson Valley - River (medium priority river customers) and Dawson - River at Glebe Weir. Pricing has been set at the lower of the 2019-20 prices for the original tariff groups.

⁸ Name change from Eton (medium priority) to Eton (high B priority) to reflect actual priority level entitlement.

⁹ This tariff group merges the former tariff groups of St George—Beardmore Dam or Balonne River (medium priority river customers) and St George—Thuraggi Watercourse (medium priority river customers). Pricing has been set at the lower of the 2019-20 prices for the original tariff groups.

¹⁰ This tariff group merges the former tariff groups of Three Moon Creek—River and Three Moon Creek—Groundwater. Pricing has been set at the lower of the 2019-20 prices for the original tariff groups.

Schedule 2 Bulk water supply scheme rural irrigation water prices for local management supply

Tariff group	Fixed (Part A) (\$ per megalitre payable on total volume of water entitlement)	Volumetric (Part B) (\$ per megalitre payable on volume of water entitlement used)
Dawson Valley - River (medium priority local management supply)	13.98	1.62
Dawson Valley - River (high priority local management supply)	42.77	1.62
Eton (high B priority local management supply) ¹¹	31.36	4.05
Eton (high A priority local management supply) ¹²	117.49	4.05
Nogoa Mackenzie (medium priority local management supply)	6.64	0.84
Nogoa Mackenzie (high priority local management supply)	28.88	0.84
St George (medium priority local management supply)	20.86	1.09
St George (high priority local management supply)	29.04	1.09

¹¹ Name change from Eton (medium priority) to Eton (high B priority) to reflect actual priority level entitlement.

¹² Name change from Eton (high priority) to Eton (high A priority) to reflect actual priority level entitlement.

Schedule 3 Distribution system rural irrigation water prices

Tariff group	Fixed (Part A) (\$ per megalitre payable on total volume of water entitlement)	Volumetric (Part B) (\$ per megalitre payable on volume of water entitlement used)	Fixed (Part C) (\$ per megalitre payable on total volume of water entitlement)	Volumetric (Part D) (\$ per megalitre payable on volume of water entitlement used)
Bundaberg Channel	7.54	1.01	45.08	54.35
Burdekin Channel	3.49	0.33	39.10	23.28
Burdekin Channel - Giru Groundwater	3.49	0.33	17.86	14.82
Burdekin Channel - Gladys's Lagoon (other than Natural Yield)	3.49	0.33	39.10	23.28
Lower Mary Channel	6.21	0.86	47.00	67.01
Mareeba-Dimbulah - Access Charge (\$ per customer)	687.77			
Mareeba-Dimbulah - outside a relift up to 100 ML	3.45	0.59	51.82	5.90
Mareeba-Dimbulah - outside a relift 100 ML to 500 ML	3.45	0.59	45.27	5.90
Mareeba-Dimbulah - outside a relift over 500 ML	3.45	0.59	34.32	5.90
Mareeba-Dimbulah - river supplemented streams & Walsh River	3.45	0.59	23.40	3.54
Mareeba-Dimbulah - relift	3.45	0.59	39.33	86.22

Schedule 4 Termination fees

Tariff group	Termination fee (\$ per megalitre payable on total volume of water entitlement)
Bundaberg Channel	762.11
Burdekin Channel	472.17
Burdekin - Giru Groundwater	472.17
Burdekin - Gladys Lagoon (other than Natural Yield)	472.17
Lower Mary - Tinana & Teddington	193.89
Lower Mary Channel	607.94
Mareeba-Dimbulah - outside a relift up to 100 ML	589.47
Mareeba-Dimbulah - outside a relift 100 ML to 500 ML	519.42
Mareeba-Dimbulah - outside a relift over 500 ML	402.43
Mareeba-Dimbulah - river supplemented streams and Walsh River	279.56
Mareeba-Dimbulah - relift	578.25

Attachment C - supporting information provided by Sunwater

Bulk water services provided by Sunwater

Sunwater owns and operates the following water supply schemes in the Murray-Darling Basin:

- **Chinchilla Weir** – Sunwater provides on-river storage at Chinchilla Weir, and water is delivered via the Condamine River watercourse.
- **Cunnamulla** – Sunwater provides on-river storage at Allan Tannock Weir, and water is delivered via the Warrego River watercourse.
- **Macintyre Brook** – Sunwater provides on-river storage at Coolmunda Dam, Whetstone Weir and Ben Dor Weir, and water is delivered via the Macintyre Brook watercourse.
- **St George** – Sunwater provides on-river storage at Beardmore Dam and Jack Taylor Weir, and water is delivered via the Balonne River and the first 400 metres of the Thuraggi watercourse. One of its customers, Mallowa Irrigation Ltd, operates the remaining length of the Thuraggi watercourse.
- **Upper Condamine** – Sunwater provides on-river storage at Leslie Dam, Talgai Weir, Yarramalong Weir, Lemon Tree Weir and Cecil Plains Weir, and water is delivered via the Condamine River watercourse.

In addition, Sunwater holds a resource operations licence for the Maranoa River Water Supply Scheme. However, due to high siltation levels, access to water supply by customers is extremely unreliable and bulk water services provided by Sunwater are limited.

The water service infrastructure Sunwater owns and operates in the Murray-Darling Basin is primarily used to deliver water for irrigation purposes.

Infrastructure charges

Sunwater levies charges on customers for the bulk water services listed above.¹ These charges are comprised of:

- **A fixed charge** (Part A) charged per megalitre (ML) of nominal water access entitlement.²
- **A volumetric charge** (Part B) charged per ML of water taken during a particular water year.

The Queensland Government currently sets the Part A and Part B prices of irrigation water supplied by Sunwater in each of the schemes listed above, based on recommendations made by the Queensland Competition Authority. These prices are specified in the applicable Sunwater Rural Water Pricing Direction Notice and are levied on customers that receive an irrigation service³ from Sunwater.

Sunwater sets the Part A and Part B prices levied on non-irrigation customers, such as local government authorities and industrial users.

¹ The exception is Maranoa River. Sunwater has not levied any Part A or Part B charges on the scheme's four irrigation customers since 2014.

² A nominal entitlement is the volume of water authorised to be taken during a water year under a water licence. In Queensland, a water access entitlement is referred to as a water licence.

³ Per Schedule 4 of the Water Act 2000 (Qld) an irrigation service means the supply of water or drainage services for irrigation of crops or pastures for commercial gain.