

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
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