

ROUND TWO CONSULTATION – ISSUES ARISING

[This note records issues identified, and views expressed, by stakeholders present at the consultation meeting. The Authority is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the Authority's reports.]

Scheme: Central Lockyer Valley Water Supply Scheme (incl. Morton Vale Pipeline)

Date: Wednesday, 23 January 2013

QCA Contact: Angus MacDonald (07) 3222 0557 or water.submissions@qca.org.au

1. Regulatory Framework

- It is not reasonable for irrigators to pay Part A and C (fixed) charges when there is low or zero announced allocations.
- A question was raised as to whether irrigators will have individual nominal volumes (water allocations) by 1 July 2015.

2. Pricing Framework

- Why is the Part A increasing so much each year (\$2/ML plus CPI), whereas the Part B is barely increasing (CPI)?
- Do the Morton Vale Pipeline charges include the capital charge outlined in that contract? There was not an expectation that the tariffs would include or extinguish the capital charge; however, some irrigators had hoped that the QCA would have removed that capital charge.
- One irrigator advised that the intention of the capital charge was to cover all the infrastructure charges, including the costs of Clarendon Dam. If so, it was indicated that the Part A charge and the capital charge paid by Morton Vale customers may represent double dipping and be inconsistent with the original agreement. The irrigator will seek to provide the Authority with this historical documentation.

3. Renewals Annuity

- Will there be a warranty provided on the rip-rap (rocks) used this time to shore-up the Clarendon Dam embankment?

4. Operating Expenditure

- The QCA has done a professional job reviewing these costs.

5. Consultation

- QFF will seek a position on this matter from irrigators in the Central Lockyer Valley and Morton Vale Pipeline tariff groups.

- Certain irrigators expressed a low level of interest in increasing the amount of consultation as they are able to discuss any issues of concern with the local Seqwater manager of operations.

6. Draft Prices

- Irrigators appreciated the Authority's recommendations for prices in the Central Lockyer Valley WSS, where there are only modest price increases and in some cases, a temporary decrease. The QCA's approach to this part of the review offers irrigators some hope.
- In the Morton Vale Pipeline it would be more transparent to present the water bill analysis for each year of the price path because in years after 2013-14 the water bill increases are far more substantial (it appears to be 50% or more). This is due to the \$2/ML Part A increase per annum [plus CPI]. The QCA acknowledges this point.