

DEPARTMENT OF NATURAL RESOURCES AND MINES 7 MARCH 2013
SUBMISSION/RESPONSE TO QCA REQUEST OF 27 FEBRUARY 2013

7 March 2013

From: Van Beusichem Audrey
Sent: Thursday, 7 March 2013 3:17 PM
To: Angus MacDonald
Cc: Mcgrath Rose; Douglas Jason; Sanders Paul; Hinrichsen Lyall
Subject: RE: QCA Information Request 27 February 2013 - DNRM

Hi Angus

Please find clarification to the points you raised in relation to the Department's submission to the QCA Seqwater Irrigation price-path:

If you require any further clarity of this responses or have other points relating to the Department's submission please do not hesitate to contact me

Regards

Audrey

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From: Angus MacDonald
Sent: Wednesday, 27 February 2013 4:38 PM
To: Van Beusichem Audrey
Cc: Matt Bradbury; Matthew Rintoul; George Passmore
Subject: QCA Information Request 27 February 2013 - DNRM

Dear Audrey

Thank you for your recent submission in response to the Authority's Draft Report – Seqwater Irrigation Pricing 2013-17.

Specifically, I write requesting DNRM to clarify a number of matters raised in that submission, as follows:

QCA Question A

On page 2, in relation to the Authority's recommendation that DNRM ensure permanently tradeable WAE be in place, you state:

“...DNRM proposes a revised timeframe and outcome for the Central Lockyer Valley WSS.”

Please advise what DNRM is proposing the exact timeframe will be, so that the Final Report can be clear on this matter.

We note your proposal is not definitive, that is: “...amend the IROL and grant volumetric interim water allocations...by 2017 for inclusion on the 2017-2021 price path” (p.5 of DNRM's submission).

Would 30 June 2016 be suitable?

I suggest this as the next Seqwater irrigation price review (if any) could likely accommodate the individual volumes under such a timeline.

Thus, we could recommend Part A charges from 1 July 2017, if nominal individual volumes were known by 30 June 2016. Your views would be appreciated.

DNRM Response to Item A

The timeframe provided in the Department's submission reflects the complexity of converting the current entitlements and the statutory process' required to establish volumetric entitlements. Consultation and engagement with irrigators and their opportunity to have input into this process is a key element. The restructuring and business renewal of the department means a new approach to focusing available resources and delivery of government priorities. These factors mean that there is little scope currently to bring forward the timeframe for addressing this issue in the Central Lockyer Water Supply Scheme.

QCA Question B

On page 3, you state that:

“....all of the WAE in the table in Figure 1 is shown as IWA. This is incorrect as only the surface water in the Central Lockyer is IWA. The underground water is either supplemented licences and the Morton Vale pipeline have individual contracts”.

In response, section 2.1 and section 2.2 of the **Interim Resource Operations Licence (Central Lockyer Water Supply Scheme) July 2008** lists all entitlements held (including Morton Vale Pipeline) as “interim water allocations”. As an example, section 2.2 states:

“[Of the] 3,507 ML of medium priority interim water allocation (being made available)....[the] Licensee has a responsibility to supply 3,507 ML of medium priority water (surface water) to existing entitlement holders who are supplied from the Morton Vale Water

Supply System. These entitlement holders have existing water supply agreements with the Licensee. It is a condition of each water supply agreement that the entitlement holder applies for a Waterworks Licence under the Water Resources Act 1989 which will authorise the diversion of supply through each metered off-take from the Morton Vale Pipeline.”

As outlined above, the allocations held by Morton Vale Pipeline irrigators are expressed as IWA, subject to agreement/contract. This is consistent with Table 1.2 (p.3 of the DNRM submission). However, perhaps the IROL has been amended? Please advise of specific and necessary amendments to our text, if any.

DNRM Response to Items B

The individual water users on Moreton Vale pipeline do not hold a water entitlement granted under the Water Act 2000. They do not hold a water licence, interim water allocation or water allocation. Their access to water currently is via the supply contract with the Central Lockyer Water Supply Scheme Operator. The granting of an interim water allocation to irrigators is yet to occur and is identified in the actions contained in point A.

QCA Question C

On page 3, you question the numbers we report for: “water entitlements in the Central Lockyer Valley WSS” and refer to our Table 1.2.

The Authority notes that:

- Seqwater’s April 2012 NSP and the IROL identify a total of 16,541ML; and
- Seqwater’s November 2012 NSP identifies a total of 16,499ML.

Please advise which is the correct number.

DNRM Response to Item C

The total volume of entitlements in the Central Lockyer Water Supply Scheme (irrespective of current individual configuration) as per the Interim Resource Operations Licence, July 2008 is 16,541ML.

QCA Question D

On page 5, you state that:

“...contract holders in the Morton Vale Pipeline do not have individual water entitlements”.

As mentioned earlier, section 2.2 of the **Interim Resource Operations Licence (Central Lockyer Water Supply Scheme) July 2008** lists all entitlements held (including Morton Vale Pipeline) as “interim water allocations” and that the “...Licensee has a responsibility to supply 3,507 ML of medium priority water (surface water) to existing entitlement holders who are supplied from the Morton Vale Water Supply System.

It is the Authority's understanding that the Morton Vale Pipeline contracts refers to individual volumes. If the Authority's understanding is correct, then individual irrigators do have individual water entitlements. Please confirm whether Morton Vale customers have individual nominal volumes (otherwise it will not be possible for us to recommend Part A charges in this tariff group).

DNRM's clarification is sought.

DNRM Response to Item D

The individual water users on Moreton Vale pipeline do not hold a water entitlement granted under the Water Act 2000. They do not hold a water licence, interim water allocation or water allocation. Their access to water currently is via the supply contract with the Central Lockyer Water Supply Scheme Operator. The granting of an interim water allocation to irrigators is yet to occur and is identified in the actions contained in point A.

QCA Question E

On page 7, in relation to the Central Lockyer Valley WSS (we think you are referring to this scheme), you state:

“DNRM supports the groundwater monitoring infrastructure owned by Seqwater in this WSS being taken into consideration when determining the price paths as has been done in the case of the surface water monitoring network.”

Please specify what you mean including whether you are referring to the Central Lockyer Valley WSS.

For example, are there costs that we omitted, which you think should be included in the Central Lockyer Valley WSS costs?

Please clarify that you are not suggesting inclusion of costs, currently excluded by us for the groundwater observation bores in the non-benefitted (non-Seqwater) ground water area in the Lower Lockyer.

DNRM Response to Item E

In the Lower Lockyer Water Supply Scheme, the draft price path does include groundwater monitoring operating costs. The consultant's review of the draft price path, commissioned by QCA, identified that Seqwater has no supplemented groundwater customers or groundwater monitoring obligations in that scheme and recommends removing that cost. The department's submission supports that recommendation.

Seqwater do have a responsibility to undertake monitoring of groundwater in the Central Lockyer Water Supply Scheme. This aligns to their supply of water to supplemented groundwater customers. The draft price path for the Central Lockyer Water Supply Scheme does not identify the collection of data and the operation and maintenance of the groundwater network.

It is recommended that QCA should seek further advice from Seqwater on this issue. It appears that there has been a mix up between groundwater monitoring requirements in the Central and Lower Lockyer Water Supply Schemes that has resulted in operating and maintenance costs being excluded from the draft price path.

RESPONSE

DNRM's email response would be appreciated **by COB this Friday, 27 February 2013** if possible please.

It is urgent as we have seven Volume 1 chapters and seven Volume 2 reports to complete in the next few weeks and the finalisation of Volume 1 Chapter 3 and 4 very much rely on upon these clarifications.

I am happy to meet this week (or next) to discuss these matters.

Kind regards

Angus MacDonald

Team Leader



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