ROUND ONE CONSULTATION – ISSUES ARISING

[This note records issues identified, and views expressed, by stakeholders present at the 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.]

Schemes: Mary Valley (including Pie Creek) Water Supply Scheme and Cedar Pocket Water Supply Scheme

Date: Wednesday 20 June 2012

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1.1 Business Overview

- Irrigators asked whether the government purchased medium priority irrigation water allocations when buying properties in the Mary Valley for the Traveston Crossing Dam. Government should be allocated costs for water allocation it holds.

1.2 Regulatory Framework

Water Planning Framework

- Irrigators asked whether a water allocation could be surrendered.

- Trading is not likely in Cedar Pocket WSS as there are only 11 customers. Irrigators questioned whether Cedar Pocket WSS irrigators may trade outside the WSS?

Volume Risk

- Irrigators questioned whether Seqwater's past revenue under-recovery due to low water use will be carried forward into future prices.

1.3 Pricing Framework

Tariff Structures

- If water use is low (due to Government buying water allocations and then not using water) will prices increase?

- The small number of irrigators that are using water in Pie Creek [many water allocation holders are inactive or have very low use] should not have to pay all the costs. Fixed costs should be paid for by all water allocation holders, even if they do not use water.

- If the volumetric charge is zero, then meters will not need to be frequently read and costs will decrease.

- A high fixed charge will be difficult to pay when water availability is low.

1.4 Renewals Annuity

Past Renewal Expenditure

- Past expenditure on telemetry in Cedar Pocket WSS has not been effective and should not be included. What is the renewals expenditure on the "electricity asset" for?

Forecast Renewal Expenditure

- The concrete repairs to the Shute (Borumba Dam) may not be required as repairs were recently undertaken.

1.5 Operational Expenditure

- Irrigators suggested that recreational costs should be paid for by recreation facility users through the levying of fees or by Government, not Seqwater customers.

- Irrigators questioned whether it is possible for an irrigator to operate the releases and to reduce operating costs.

- Irrigators questioned whether the amount of insurance allocated to Cedar Pocket water supply scheme was reasonable.

- If the cost is to be 100% fixed, then Seqwater will not need to read or upgrade meters. As a consequence, there will be a cost savings.

Customer Consultation

- Seqwater appears not to want to communicate with irrigators. Communication needs to be improved. Irrigators want increased consultation similar to a customer council.

- Maintenance in Pie Creek could be reduced if consultation was increased. The channel would not need to be cleaned if the channel was shut down for two weeks and the sun killed the weeds with dead weeds being washed down the channel.

1.6 Draft Prices

- During the last price review 1% of Upper Mary WSS total costs were allocated to Lower Mary water supply scheme. Does this still occur?

- Irrigators stated that a $2/ML increase into perpetuity is not acceptable and will mean that irrigation will become unviable.

- With Seqwater suggesting a cost reflective tariff of $311/ML, permanent trade will be stifled as this will discourage irrigators from taking on more Water allocations.

1.7 Other

- Irrigators asserted that the meeting notification for this meeting was not clear and that the notification for any subsequent meeting needs to be clearer.