

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].

Scheme: Logan River Water Supply Scheme

Date: Monday 18 June 2012

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1.1 Regulatory Framework

- Irrigators are concerned that making water permanently tradable will decrease the value of water allocations.

1.2 Pricing Framework

Tariff Structures

- Seqwater's proposed tariff structure that recovers all costs through a fixed charge will cause financial hardship for irrigators in periods of low water availability. Irrigators would prefer not to have a 100% fixed charge.
- As irrigation revenue is a very small portion of Seqwater's total revenue, the proposed tariff structure will not encourage Seqwater to better manage the WSS. A larger volumetric charge would provide an incentive for Seqwater to provide a higher quality service to customers, because in such a case, the revenue would depend on the amount of water that is delivered to irrigators.
- Increasing the fixed charge will reduce the tradable price of water.

1.3 Renewals Annuity

Forecast Renewals Expenditure

- Irrigators need more information on the proposed renewals items to determine whether they are prudent and/or efficient.

Customer Consultation

- There is no current consultation with irrigators regarding Seqwater's expenditures on renewals.

1.4 Operational Expenditure

- The Authority should demonstrate to irrigators that Seqwater's direct operating expenditure (including overheads) is prudent and efficient.

1.5 Draft Prices

- A significant amount of credit water is normally available in this scheme. Irrigators questioned whether the use of credit water is included in Seqwater's historical water use data in the Logan River NSP.