

Mackay workshop—issues raised

This note records issues identified and views expressed by stakeholders present at the QCA's initial workshop for the 2025-29 irrigation pricing review. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's draft report.

Schemes: Eton, Pioneer River, Proserpine River

Date of workshop: 9 February 2024

Topic	Issues raised
Sunwater's proposed costs	<ul style="list-style-type: none"> Stakeholders raised concerns about the increasing cost of insurance and the allocation of insurance costs required for dam safety. Stakeholders said that benchmarking insurance costs to other organisations is important. Stakeholders were concerned about the cost of the billing system, including the total cost and how the costs are allocated. Stakeholders asked how cost items in the new billing system, such as water accounting and water ordering, applied to locally managed irrigation schemes. A stakeholder suggested that overheads should be benchmarked against locally managed irrigation schemes. Stakeholders were concerned about renewals expenditure on the Palm Tree Creek pipeline. A stakeholder was concerned about significantly higher renewals expenditure in the Eton scheme in the past couple of years. A stakeholder mentioned that there were three expenditure items under dam safety and wanted clarification that there was not any duplication of work within these items.
Electricity cost pass-through mechanism	<ul style="list-style-type: none"> A stakeholder was concerned that Sunwater's proposal indicated that Eton customers supported the mechanism. The stakeholder felt that this was not the case moving forward.
RAB vs annuity approach	<ul style="list-style-type: none"> Stakeholders had different views about which approach they preferred. Stakeholders were concerned about the impact of large lumpy items under a regulatory asset base (RAB) approach. Stakeholders indicated that locally managed water businesses need to consider the impacts of each approach on their business and what a potential transition to a RAB approach would mean for their locally managed water business.
Capacity to pay	<ul style="list-style-type: none"> A stakeholder asked how the QCA considers an irrigator's capacity to pay.

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Scheme utilisation	<ul style="list-style-type: none"> <li data-bbox="598 248 1442 282">• A stakeholder asked how scheme utilisation impacts opex and capex. <li data-bbox="598 293 1390 360">• A stakeholder asked about opportunities to incentivise increased utilisation, which is beneficial to Sunwater and the local industry.
Value for money of QCA's review	<ul style="list-style-type: none"> <li data-bbox="598 383 1426 483">• A stakeholder asked about the measurement of the value for money of the review given the cost of the review that is allocated to each scheme.