

SECOND ROUND 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: Lower Mary WSS

Date: 14 April 2011

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Process Issues

Irrigators in the scheme will not be able to make an input if there is not enough information to comment on. The QCA and the consultants have not provided enough information to date to the irrigators.

Scheme Specific Issues

Operating expenditure

- In the NSP, SunWater indicated difficulty in forecasting costs although SunWater already knows about water delivery volumes, so a flat line cost forecast is not appropriate.
- Indexation for electricity cost is not clear.
- Need to know how this scheme costs compares with other SunWater schemes.
- Need to understand the nature of maintenance expenditure in bulk schemes.
- In the NSP costs are determined using a bottom up approach but SunWater has not provided enough details.
- Questions need to be asked if SunWater's business structure and methods are efficient.
- Is there evidence of other costs (such as rates) or of income coming from Maryborough office?

Renewals expenditure

- Need to know why there is a negative balance in the asset restoration reserve.
- Commercial businesses expect efficiency gains for their investments as so should SunWater.
- SunWater renewals forecasts needs to provide more explanation for irrigators to understand the nature of the costs.
- Will the opex / capex consultant be able to investigate the nature of the renewals? Cannot put in submissions without understanding the nature of the renewals.
- Weed control costs should be low because of period of low flows. It is not clear if SunWater is spraying in the river.

Indirects and overheads

- What does \$3,300 in Strategic Water Management actually cover?
- There should not be many costs related to water transfers since there are so many sleepers in the area. There are only 187 customers so costs should be low.
- Have the indirect costs and overheads been examined for relevance to the system.
- It is not clear whether there has been an evaluation of whether SunWater's business structure is efficient.
- Infrastructure development in the Lower Mary distribution does not correlate to the assets and the scheme will be hurt.
- The scheme's overhead costs have increased because of the proposed allocation methodology.

Tariffs

- There will be a significant charge for the scheme if Part A is charged to irrigators regardless of whether they use their allocations or not.
- If forecast costs are more reasonable, then irrigators may be more responsive to changes.
- The Lower Mary scheme is oversized but NSP is not showing how this oversize is going to be treated in the price review. Oversize impacts on asset management costs.
- Inefficient costs are not acceptable to the scheme irrigators.

Distribution losses

- SunWater cannot identify their own distribution losses in the NSP.
- Irrigators should not pay for electricity for pumping water to channel and then also pay bulk water charge for SunWater's distribution losses.

Recreation costs

- Costs for recreation management should be borne by the community who benefits from them, and not the irrigators.