

QCA irrigation workshop: issues arising

[This note records issues identified and views expressed by stakeholders present at the meeting. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's final report.]

Scheme/(s): Central Brisbane River WSS

Location: Fernvale

Date: Thursday 10 October 2019

Pricing framework

- Query as to the QCA's role including whether it has an on-going role in setting irrigation prices.
- Query as to the extent to which the QCA is constrained by government policy in setting prices and whether the QCA could disagree with the government's referral.
- Query as to how the QCA takes social welfare and equity into account in recommending prices. Stakeholders said that, as they consider they have been adversely impacted by the dams, this should be taken into account as a social welfare and equity issue when recommending prices.

Allocation of shared scheme costs

- Stakeholders disagreed with the QCA's draft recommendation that they benefit from Wivenhoe and Somerset dams and should therefore pay a share of the costs.
- View expressed that the hydrological study they jointly submitted with Seqwater in November 2018 is a scientific study that conclusively shows that they do not obtain a hydrological benefit from the dams. As such, they questioned why the QCA would disagree with the study.
- Stakeholders said that, in modelling the historical scenario (which assumes no dams and unregulated access to natural flows), their hydrologist had taken into account urban water supply from Mt Crosby.
- View expressed that it was appropriate to compare the historical scenario with the current situation (with the dams and system regulation) as the dams had not been built for irrigators and irrigators had been adversely impacted by the introduction of the dams (the area is now a flood retention basin).
- It was questioned why it was appropriate to allow for environmental flow objectives when assessing relative hydrological benefits.
- View expressed that the headworks utilisation factor methodology used to determine the irrigator's share of Central Brisbane River WSS costs in the draft report is complicated and that stakeholders may find it difficult to make a considered submission on this.

Apportionment of dam safety upgrade capital expenditure

- Concern raised with indicative pricing impact of forecast dam safety upgrade projects in this scheme.

Costs

- View expressed that, given there had been a significant decrease in costs since the last QCA review, they had been over-charged in the last regulatory period and should be compensated for this. They questioned why cost savings are not passed on during the regulatory period.
- Query as to how the QCA takes monopoly power into account in its assessment.

- Stakeholders considered that the QCA had made an error in recording Seqwater's historical operating costs in over the previous price path period as Seqwater's Network Service Plan reports lower expenditure than the QCA draft report (Part C report, Table 3). The QCA clarified that the figures referred to included Seqwater's actual 'all sector' costs across all of its schemes (seven water supply schemes and two distribution systems).

Draft prices

- It was questioned why the QCA had disagreed with Seqwater on the appropriate split between fixed and variable costs. They said that they support Seqwater's proposed split.