

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): Burdekin-Haughton WSS and distribution system

Location: Giru

Date: Monday 23 September 2019

General

- Concern around the due date for submissions.

Pricing framework

- Concern was raised about the Government's pricing principles and the weighting placed by the QCA on affordability.

Apportionment of dam safety upgrade capital expenditure

- Discussion on Sunwater's dam safety obligations and the drivers for dam safety upgrades.
- Stakeholders questioned the need for the Burdekin Falls dam safety upgrade and the magnitude of the potential damage in the event that there was a failure of the dam.
- Timeframes for recovery of dam safety upgrade capex were discussed.
- Stakeholders questioned whether allowable costs accounted for the timing of the proposed dam safety upgrade and construction of the stage 2 of Burdekin Falls Dam.
- Concern with the fairness of dam safety upgrade capex-inclusive prices.
- Concern with the impact on prices, affordability, business sustainability and the welfare of the local community.
- Views were expressed on the benefit of the Burdekin Falls dam to the broader community.
- Discussion on the differences between a dam that has a formal flood mitigation role (e.g. dedicated capacity to store flood waters) and other dams (which generally provide informal flood moderation benefits).

Giru Benefited Groundwater Area tariff group

- Concern about affordability, business sustainability and the welfare of the local community.
- Concern about the hydrologist's conclusions regarding natural yields in the Giru Benefited Area (GBA) and the data that informed the hydrologist's conclusions (reliability of meter data, appropriateness of analysed time periods and the robustness of Geoff Kavanagh's analysis).
- Concern that the draft report created the impression that other irrigators in the scheme were subsidising GBA irrigators.
- Concern about the different treatment of the GBA and Gladys lagoon tariff groups.
- Concern about the change in the status of the two GBA-related weirs (changed from bulk to distribution).

- Concern that irrigators had access to water prior to the dam being built, but now they were being charged for water.
- Concern with the decision that the area should be supplemented and they should bear the cost as they decided not to build a channel and that cost irrigators their natural yield.

Costs

- Discussion on lower bound prices including the allowable costs and where the relevant cost information can be found (covered in Network Service Plans).
- Insurance costs
 - Excess generally covers the damage so what is the point of insurance?
 - The scope of insurance available to Sunwater compared to individual distribution systems.
- Projected opex costs and contingency allowances.
- Electricity costs
 - Sunwater's energy management initiatives, including the potential use of solar energy.
 - Sunwater's proposed electricity pass through mechanism.
 - Concern about electricity costs and the inability of irrigators to access cheaper power even though there is a solar farm and multiple sugar mills that generate electricity in the region.

Draft prices

- Concern about whether the structure of prices provides an incentive to use water efficiently.
- Discussion on bill moderation and affordability.
- Sunwater's access charge proposal.